

DOCUMENT RESUME

ED 305 155

PS 017 870

AUTHOR Brooks, Eve E.; Hurley, Brigit
TITLE For Mommy and Me: Toward a Child Development Policy
for Welfare Recipients.
INSTITUTION Statewide Youth Advocacy, Rochester, NY.
SPONS AGENCY Robert Sterling Clark Foundation, Inc., New York,
N.Y.
PUB DATE Nov 88
NOTE 79p.
PUB TYPE Reports - Research/Technical (143) -- Information
Analyses (070) -- Viewpoints (120)

EDRS PRICE MF01/PC04 Plus Postage.
DESCRIPTORS Costs; *Day Care; Early Childhood Education;
Educational Quality; Federal Legislation; Policy
Formation; Program Descriptions; Program Development;
*Public Policy; State Aid; *State Programs; Surveys;
*Welfare Recipients; *Welfare Services
IDENTIFIERS California; Family Support Act 1988; Massachusetts;
*New York; *State Regulation; Welfare to Work
Programs

ABSTRACT

This report defines policy and practices for child care assistance for welfare recipients in New York, and explores ways in which the state could use the newly enacted federal welfare reform legislation to create opportunities for children of welfare recipients. The six sections of the report are based on a survey of child care policies and practices at state, county, and city levels. Provided are: (1) a brief look at the child care components of two widely discussed welfare-to-work programs, the Employment and Training Choices Program in Massachusetts and the Greater Avenues to Independence Program in California; (2) a description of current employment, training, and child care policies in New York; (3) a review of results of surveys and interviews that provides a description of child care for welfare recipients in New York; (4) an overview of federal and state funding, regulation, and law governing provision of child care to welfare recipients; (5) a detailed look at the provisions of the newly enacted Family Support Act of 1988; and (6) recommendations for ways in which the state can implement the new federal law. A table of selected child care expenditures by county, and details of the survey methodology, are appended. (RH)

* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *

ED305155

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

X This document has been reproduced as
received from the person or organization
originating it.
☐ Minor changes have been made to improve
reproduction quality.

• Points of view or opinions stated in this docu-
ment do not necessarily represent official
OERI position or policy.

For Mommy and Me:
**Toward a Child Development Policy
for Welfare Recipients**

by:

Eve E. Brooks and Brigit Hurley

"PERMISSION TO REPRODUCE THIS
MATERIAL HAS BEEN GRANTED BY

Statewide Youth
Advocacy, Inc.

TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC)."

Statewide Youth Advocacy, Inc.
410 Alexander Street
Rochester, New York 14607
(716) 473 - 0720

Eve E. Brooks, Executive Director

© November 1988
All Rights Reserved

PS 017870

ACKNOWLEDGEMENTS

We would first like to thank the Robert Sterling Clark Foundation and its Executive Director, Margaret Ayers, for providing the financial support which made this work possible. The Clark Foundation should be commended for anticipating the importance of these issues, well before the passage of the Family Support Act of 1988.

There are many people who have made the completion of this report possible. Anneliese Bopp provided countless hours of excellent research and writing and is largely responsible for the county analyses. Many local DSS administrators around the state were helpful in supplying information about their child care programs, as were several NYS DSS officials.

We would also like to thank Child and Family Services of Erie County, the National Puerto Rican Forum, Monica House and the Ibero-American Action League for hosting the group sessions.

We would like to extend our thanks to the following people: Tom Zetterstrom, Dennis Zeller, Bob Sharkey, Lloyd Bishop, William Shapiro and Judy Gallo at the New York State Department of Social Services; Julie Anderhault at Erie County DSS; Bill Carreo, Bill Hohman, and Dottie Harrison at Monroe County DSS; Heidi Ferrar at the Agency for Child Development in New York City; Ron Soloway of the UJA - Federation of Jewish Philanthropies; Caroline Zinsser of the Center for Public Advocacy Research; Toni Porter of Child Care, Inc.; Helen Blank, Mary Lee Allen, and Nancy Ebb of the Children's Defense Fund; Dr. Elizabeth Durbin, New York University; and Frank Sable and Alma Rinesz for their many unpaid hours of telephone interviews. Finally, our sincere thanks to Robin Jaskow and Diane McMullen for their patient typing.

TABLE OF CONTENTS

Chapter One: INTRODUCTION	1
What is quality care?	2
The cost of quality care	5
Chapter Two: CHILD CARE/WELFARE POLICY IN TWO STATES	9
California	9
Massachusetts	11
Chapter Three: CHILD CARE POLICY FOR WELFARE RECIPIENTS IN NEW YORK STATE	15
New York State Welfare-to-Work Policy	17
Current Child Care Assistance in New York State	18
Chapter Four: FINDINGS	20
Chapter Five: THE FISCAL AND REGULATORY FRAMEWORK FOR CHILD CARE/WELFARE POLICY IN NEW YORK STATE	34
Child Care Entitlements of New York State AFDC Recipients	41
Chapter Six: THE FAMILY SUPPORT ACT OF 1988	44
General Provisions	44
Child Care Provisions	46
Chapter Seven: RECOMMENDATIONS	50
Appendix A: SELECTED CHILD CARE EXPENDITURES BY COUNTY	67
Appendix B: METHODOLOGY	72

CHAPTER ONE: INTRODUCTION

Today in New York State and throughout the country, the majority of children of welfare recipients and working poor families are not able to participate in regulated child care at all, much less the enriched programs they need and deserve. Our goal, in this report, is to provide a context for state action toward the provision of quality care for all children. In framing such an approach, we must start by targeting those at greatest risk -- the children of welfare recipients.

With the passage of the Family Support Act of 1988, federal welfare policy will, for the first time, require that recipients with very young children actively engage in employment and training programs aimed at securing jobs. In New York State, an estimated 150,000 additional mothers of young children will be potentially eligible for services under the new legislation.¹ Child care is increasingly being recognized as an essential part of this effort, especially the need to provide "transitional" child care support to lessen the financial burden faced by former welfare recipients newly employed in low paying positions. The federal law provides a framework for states to make vast improvements in the quality of child care available to welfare recipients. It does not, however, guarantee that recipients will have access to quality care. Much discretion remains at the state and local levels.

At the same time these changes in welfare programs are taking place, there is renewed awareness across the nation of the vital importance of early childhood education for economically disadvantaged children. High quality early childhood experiences are now viewed as one of the most effective strategies for reducing the disastrous effects of poverty on the lives of children. Children of welfare recipients and other low income families² who receive quality preschool education as part of their early child care arrangements are more

¹ Conversation with New York State Department of Social Services (NYS DSS), November 1988.

² According to the New York State Council on Children and Families, only 66 percent of children living in families with incomes below the federal poverty level receive welfare.

likely to succeed academically, remain in school, and become employed and self-sufficient when their schooling is completed.

Despite national research which indicates the importance of high quality early childhood education to the future success of low income children, current welfare policies require that mothers receiving Aid to Families with Dependent Children (AFDC) pursue employment and training activities without guaranteeing access to such programs for their children. These short-sighted policies fail to provide the resources, regulatory framework or policy coherence needed to assure that the children of welfare recipients are able to participate in quality programs.

This report defines the current policy and practices surrounding child care assistance for welfare recipients in New York State and explores how the state could use the newly enacted federal welfare reform legislation to create opportunities for children of welfare recipients. This is particularly important in light of the new education, training, and employment mandates for recipients with children as young as one year old in some states and three-years-old in all states.

What is quality care?

"At their best, early childhood programs are similarly rich and multifaceted, providing cognitive, physical, social, and emotional development for children, the security of full-time child care for working parents, a cooperative understanding between parents and caregivers, and parent education for those who seek different ways of interacting with their children. The best programs provide children with early, noncompetitive, and nonthreatening experiences in an integrated setting with children of other racial and class backgrounds, rather than segregating "at-risk" children from others in special classes. To search for a single purpose for early childhood programs is to destroy this vision of what early childhood programs could be.

*Young Children Face the States: Issues and Options
for Early Childhood Programs.*
W. Norton Grubb, Center for Policy Research in
Education, May 1987.

One out of three New York State children is born into poverty; one out of two low income children lives in a single-parent household. Children of the poor are disproportionately

hungry, ill, neglected, and poorly educated. They are most likely to lack social and verbal skills, have short attention spans, and need experience in following instructions and functioning in a structured setting. They often have limited access to books and other learning materials, and need supportive services such as health and dental care, subsidized meals, and intensive attention to problems within their families that impede their development. A proven method of assuring that low income children are given a better beginning in life is participation in Head Start or a similar comprehensive preschool program. Children who attended the Perry Preschool Program in Ypsilanti, Michigan in the 1960s have been tracked to age nineteen and have proven themselves more likely to be literate, employed, and enrolled in post-secondary education than those who did not attend. They have also demonstrated a reduced tendency to drop out of school, be involved in criminal activity, and become dependent on welfare. A study conducted in Washington State found that 33 percent of low income children who did not attend comprehensive preschools repeated one or more grades in school, compared to 19 percent of those who did. Similar results were found in a longitudinal study of children enrolled in a Head Start-like program in Harlem.³

These programs are present in what is termed "enriched child care." They all incorporate a holistic approach to each child's development, with the following program components:

- *Early childhood education:* Children need to learn to play, to sing and dance and share with other children and with adults who act as role models. A child's mind and body are sharpened with opportunities for creative, stimulating activities that encourage language and social skill development -- activities that are often unavailable at home. Specifically, programs must offer: 1) Staff with training in child development, special education, and special skills to work with abused or neglected children; 2) ample opportunities for adult/child interaction and activities that are appropriate for each child; 3) small group size; 4) staff pre-employment and in-service training; 5) mechanisms for assessing a child's need for special services; 6) parent education/involvement; and 7) support services. Finally, children

³ Beverly B. McConnell, Citizens Education Center Northwest, *A Smart Investment: Preschool for Children in Poverty*, 1987.

need stability in their lives and in their caregivers--a continuity that is often impossible, given child care workers' low salary levels.

- *Health care services:* Because children in low income families often go without basic health care that every child needs (e.g., proper nutrition, dental check-ups, immunizations, diagnosis and treatment of problems that, without being identified, can pose serious barriers to social and educational advancement), programs must provide basic health care services or coordinate with health care providers.
- *Parent involvement:* Studies of New York's own Prekindergarten program have linked the amount of parent involvement directly with children's performance on reasoning, vocabulary, and pre-academic skills tests. Programs must strongly encourage the involvement of parents through home visits, parent meetings, opportunities for parents to help out in the classroom, and other activities. As children learn, so do parents, and the family as a whole becomes stronger.
- *Social services:* Preschool programs cannot possibly address all the needs of families, but they should provide social work supports which directly assist or link families with community resources to deal with housing, education, health, and other problems. These outside resources help to ensure that the child leaves preschool to return to a well-functioning family.

These components need not be incorporated only into programs for three- and four-year-olds. From birth, infants and toddlers in low income families are more likely to be deprived of the stimulation they need to develop strong language and social skills. The benefits enjoyed by children -- and by society as a whole, in the form of healthy and productive adults and reduced public expenditures on special education, social services, welfare, criminal justice, and unemployment -- far outweigh the cost of establishing the necessary programs. The benefits of the Perry Preschool Program, in fact, are estimated to be six times the program cost per participant.

Ideally, all programs which serve low income children would have each of these elements. In reality, many full-day child care programs lack the resources needed to provide enriched programs. Preschool programs, which are more likely to offer developmental experiences to children, tend to be part-time. To be useful to parents who are employed full time, these programs must be extended or linked with child care programs to provide full-day care.

The cost of quality care

"If legislators and state officials succumb to the desire to cut corners or pack more children into a program . . . than are consistent with optimum quality, then early childhood funding becomes the equivalent of a junk bond or a lottery ticket rather than a blue-chip stock investment."

Right From the Start: The Report of the NASBE Task Force on Early Childhood Education
National Association of State Boards of Education,
October 1988.

There are few better examples of the maxim, "An ounce of prevention is worth a pound of cure" than early childhood education. Numerous studies conducted around the country have sounded a recurring theme: Ensuring access to preschool programs for disadvantaged children may be expensive today, but restricting access will produce even higher costs in the future. When compared to their peers who have not attended a quality preschool program, children who participate in early childhood programs consistently exhibit: increased employability, reduced dependence on public assistance, decreased criminal activity, improvement in self confidence, self-esteem, and expectations, and positive effects on their families.⁴

Reports on the results of the widely acknowledged Perry Preschool Project cite a return of \$6.00 on every \$1.00 invested in the program in the form of higher worker productivity and reduced expenditures on the special education, welfare and criminal justice systems. A summary of a cost-benefit analysis of the program states:

⁴ U.S. Government Printing Office, *Opportunities for Success: Cost Effective Programs for Children, Update 1988*, A Report of the Select Committee on Children, Youth and Families, U.S. House of Representatives.

"For every dollar invested in one year of high quality pre-school education for economically disadvantaged children, the returns to society over the lifetime of the subject are approximately: \$1 in reduced public school education costs; \$.50 in reduced crime costs; \$.25 in reduced cost of welfare administration (in addition to \$2.25 in reduced taxpayer's cost of welfare); and \$3 in increased lifetime earnings (\$.75 in increased tax revenues) . . ."⁵

Despite their proven benefits, early childhood experiences are often inaccessible to low income families. The greatest barrier is most often cost -- both in terms of affording private programs and participating in limited publicly-funded programs. Public dollars can buy full-time home-based care for as low as \$1.00 per hour (\$2,000 per year). Full-time center based care costs an average of twice that (\$4,000 per year), and a high quality part-day preschool program such as the Perry Preschool Project can cost up to \$6,000 per year. California's highly praised Children's Centers cost only \$4,700 annually, though, and the New York's part-day Experimental Pre-k program costs an average of \$2,888 per year.⁶

Part-day programs must be integrated with full-day care, either through coordinated programs, shared space or transportation. Centers cannot afford to accommodate children who attend other programs for three hours per day without a guarantee that a similar number of children will be attending other programs in the morning vs. the afternoon, leaving them with a constant number of children in attendance.

In short, nothing less than a clearly articulated, thoughtful public policy addressing these issues of cost and coordination will make it possible for low income children to participate in the early childhood programs they so desperately need.

This report, based on a survey of existing child care policies and practices in New York State at the state, county and city levels:

⁵ Ibid.

⁶ W. Norton Grubb, *Young Children Face the States: Issues and Options for Early Childhood Programs*, Center for Policy Research in Education, May 1987. The author is referencing costs cited in the National Day Care study conducted in March 1977, with the dollar figures updated to 1986 dollars.

- Examines the child care components of welfare-to-work programs in two states;
- Identifies some of the most important areas where welfare reform and child care policies in New York State are not effectively coordinated;
- Outlines the provisions of the new federal welfare reform legislation; and
- Presents detailed recommendations to move the state toward a more effective child care policy for welfare recipients.

Our work is based on a comprehensive review and analysis of New York State policies and programs dealing with the child care needs of low income families.⁷ Our research included telephone interviews with county officials across the state; a telephone survey of current and former recipients in Monroe and Erie counties and New York City; an analysis of state laws and regulations; personal interviews with state and local officials and a review of research data and reports from government agencies and private organizations in New York and several other states on the operation and impact of their child care programs and policies.

To obtain a more detailed and fully informed sense of welfare recipients' views on child care issues, Statewide Youth Advocacy (SYA) also organized and participated in four discussion groups in New York City, Buffalo, and Rochester that included (among others) residents of a shelter, students in an English as a Second Language class, and participants in a vocational training program, all of whom were current recipients of public assistance with child care needs.

This report is divided into six sections: 1) A brief look at the child care components of two widely discussed welfare-to-work programs, the Employment and Training (E.T.) Choices Program in Massachusetts and the Greater Avenues to Independence (GAIN) Program in California; 2) A description of current employment and training and child care policies in New York State; 3) A review of the results of SYA's surveys and interviews, which provide a description of the current practices in the area of child care for welfare recipients

⁷ A more detailed description of methodology can be found in Appendix B.

in New York; 4) An overview of federal and state funding, regulation and law governing the provision of child care for welfare recipients, 5) A detailed look at the provisions of the newly enacted Family Support Act of 1988; and 6) Recommended actions for the state to take in implementing the new federal law in a way that takes full advantage of the opportunities it offers for the development of quality child care for New York's poorest children.

CHAPTER TWO: CHILD CARE/WELFARE POLICY IN TWO STATES

In completing this study, we spoke with state officials and advocates around the country and looked closely at employment and training initiatives and child care/welfare policies in several states.⁸ The richest insights can be gained from the experiences of two states, California and Massachusetts.

California

California is perhaps best known in the child care community for the importance it assigned to child care in legislation and funding for its welfare-to-work program, Greater Avenues for Independence (GAIN). In 1987-88, almost \$60 million was slated for child care assistance for GAIN participants. In reality, much of those funds are not being spent because more than 60 percent of GAIN participants are spending four to six months in remedial education during the school day and therefore do not require child care. Further, many GAIN parents are forced to engage in job searches or training without guarantees that their children are receiving quality, developmental care.

California mothers of children over six years of age and the principal wage-earner in two-parent families who apply for or receive public assistance are required to register with the GAIN Program. Those not ready for a job club or job search are referred to remedial education, a GED or an English as a Second Language program. Those who have been on welfare more than twice in three years go through an assessment, and the recipient and the GAIN administrator develop an employment plan. Unsuccessful job club and job search participants are also referred for assessment. Participants who do not complete their education or training as agreed upon in the contract signed with the Department of Social Services (DSS) are assigned to a work experience not to exceed one year. A reassessment

⁸ Massachusetts, California, Utah, Michigan, Minnesota, and New Jersey.

takes place after six months. After one year, the participant can enroll in another job training program.

Child Care for GAIN Participants: The GAIN legislation states that child care assistance shall be made available to all GAIN participants who need it. Parents are to be given a choice of payment arrangements and providers. Reimbursement rates are based on regional market rates and counties are required to coordinate with resource and referral agencies. Transitional subsidies are available for three months after a GAIN participant begins employment. Although legislation stipulated that child care subsidies last for "no less" than three months after employment, DSS regulations require child care assistance for "no more than" three months after employment. The Child Care Law Center in San Francisco is suing the State of California to extend this beyond three months. Two pieces of legislation that would have the same effect were pending in the California legislature in June 1988. The Senate bill would provide subsidies for twelve months and the Assembly bill would extend coverage to six months.⁹ GAIN child care is also supposed to be coordinated with the state's low income child care assistance provided through the State Department of Education (SDE).

While the child care provisions in the GAIN legislation appear to be strong, their actual enactment has been disappointing. Only 50 percent of counties were participating in GAIN in the spring of 1988, and many were not using their full child care allocation. Those that did not spend their full child care allocation were requesting permission to use the money for other expenses or were sending the money back to the state. The Child Care Law Center reported that only 30 percent of single-parent GAIN families were receiving paid child care, and few were receiving transitional child care subsidies. Among those who did, some were unable to continue employment once the three months of transitional assistance was over.

The GAIN program reimburses child care costs up to market rate, which is defined as care that costs within 1.5 standard deviations above the mean cost of care in a region. This technically makes 90 percent of care arrangements available to GAIN participants. Counties are reluctant to pay for market-rate care, however, and are encouraging the use of

⁹ Conversation with Child Care Law Center, San Francisco, CA. June 1988.

less expensive friends and relatives as providers.¹⁰ Care purchased for GAIN participants must be either licensed or "exempt." Exempt care is given by a relative or friend who takes care of children for no more than one other family in addition to his or her own. The Alternative Payment Program requires a description of caregivers' qualifications and experience, a physician's statement documenting the absence of communicable diseases in the caregiver and his or her emotional ability to care for children, character references from non-relatives, and proof that the caregiver is over the age of eighteen. The use of exempt care is very common, and many counties encourage it.

Massachusetts

The Massachusetts Employment and Training Choices Program (E.T.), initiated in October 1983, serves as a national model for providing the appropriate supports to welfare recipients working to support their families. A large part of the E.T. Program's success is due to its recognition of the importance of child care and, in particular, the value of providing a range of child care choices to parents. Since E.T. began, the Massachusetts' AFDC caseload has declined 4.4 percent and, more significantly, the number of families who have been on AFDC for five or more years has declined 25 percent -- a sure sign that the program is having an impact on the most difficult to reach welfare recipients.

Registration in the E.T. Program is mandatory for all AFDC recipients with children over age six (although 40 percent of E.T. participants in 1987 had children under age six). Despite its mandatory registration, E.T. is a predominantly voluntary program. Federal law requires that non-exempt AFDC applicants and recipients register for a WIN (Work Incentive) or WIN Demo Program and that a WIN registrant who refuses to participate in a WIN program without good cause suffer a temporary loss of benefits. Given those federally-imposed restrictions, the E.T. program's designers sought to create a program that would be attractive to its recipients, not imposed upon them. Thus, a "Future Participants" list was created. No one on the list is required to participate in E.T. activities, including mandatory registrants who say that they are not interested in the program. In effect, the list prevents registrants who are not exempt and who refuse to participate with

¹⁰ Part of this reluctance is due to the fact that workers know that subsidies will end after three months of transitional assistance, and the burden of a high-cost care arrangement after that time will push a family back onto AFDC.

good cause from being sanctioned or forced into a "conciliation" (often a precursor to sanctioning).

An E.T. participant first goes through an appraisal to develop an Employment Plan. Employment preparation activities include career planning assessment, training, education, supported work, work experience and job search. Most Community Work Experience Program (CWEP) assignments provide a \$120 per month stipend that is not considered earnings in the calculation of AFDC and food stamp eligibility. Recipients and advocates are generally pleased with these assignments because they often involve advocacy for other recipients and are not "make work" jobs.

Child Care for E.T. Participants: The success attributed to the E.T. program is unquestionably due in large part to the solid commitment that the state has made to offering meaningful and well-funded support services to participants. These services provide a bridge to self-sufficiency that welfare recipients need as they face a loss of public assistance and related supports. Child care assistance under the E.T. program has been both well funded and well designed. Participants are guaranteed subsidies for 12 months after securing an unsubsidized job, after which they are moved into the state-subsidized contract system for low income families. Some former participants have been unable to locate a slot in a contract program, and to date the state has responded by continuing voucher payments beyond the required 12 months.

To assure that recipients have the assistance they need in locating child care, and to stimulate rapid growth in child care providers, Massachusetts has contracted with private child care resource and referral agencies and has authorized them to serve as Voucher Management Agencies (VMAs). VMAs are community-based, non-profit agencies contracted by the state to recruit providers, visit sites once per year, provide training, technical assistance and case management services, and help families make new or alternative arrangements when necessary. VMA staff are located so as to ease access for families, either at welfare offices or in separate VMA offices near the welfare office. E.T. workers give clients vouchers and take them to a VMA counselor. The counselor informs the client of all possible choices and helps to arrange visits to the sites. Vouchers are written for six months at a time, starting two weeks before the parent begins placement. Clients also receive \$10 per day for transportation.

The flexibility of the voucher allows it to be used to purchase part-day care that can be integrated with Head Start or preschool programs and to serve children whose parents work odd hours. In 1988-89, \$36 million is projected to be spent on voucher child care. The E.T. program has also encouraged the growth of new providers, with the number of licensed providers doubling since the initiation of the voucher system.

As of March 31, 1987, more than 8,300 participants or graduates of E.T. were receiving child care assistance through vouchers. As of June 1987, 12 percent of vouchers were being used by E.T. graduates who exceeded the 12-month limit.

In October 1987 testimony before Congress, it was reported that E.T.'s child care budget had increased nearly 40 percent in the previous three years. \$74 million was being spent for contracted slots which served 17,000 children. \$10 million was being spent on the voucher system, which served 8,000 children. The average cost per child in the contract system was more than 20 percent higher than in the voucher system (\$4,353 versus \$3,375 per child).

Substantial child care funding has proven an important factor in the E.T. program's success thus far. It has provided the crucial enticement to mothers of young children, who can participate voluntarily in the program. Sixty percent of all AFDC cases have a child under age six. When E.T. was initiated, only 18 percent of its participants had children under that age. That population has grown to comprise more than 40 percent of E.T. participants.

As a result of E.T.'s high-quality employment and training programs and the presence of support services such as child care, Massachusetts now has 25 percent fewer welfare recipients than when E.T. began. The state estimated a savings of \$122 million in 1986 attributable to the E.T. Program. This is due in part to the healthy Massachusetts economy, but the fact that the number of long term AFDC recipients has declined demonstrates that child care guarantees and quality programs of a voluntary nature provide the essential supports to help families achieve economic independence.

In sum, we found that the following principles characterized successful policies and initiatives in every state we studied:

- *Successful initiatives to move families from welfare to long term self-sufficiency are implemented slowly, beginning with volunteer participation.*
- *Child care subsidies must allow recipients to purchase care that costs up to market rate in order to guarantee access to quality care and to provide adequate wages to child care providers.*
- *With few exceptions, state monies must be used to purchase only regulated child care.*
- *Subsidies must take the form of both contracts with providers and vouchers to families in order to support the structure of the child care system while offering flexibility to parents.*
- *Reimbursement, whether to the provider or parent, must precede the provision of care.*
- *The state must provide resource and referral services to welfare recipients.*
- *Recipients' rights to quality child care must be enforced.*
- *Child care subsidies must continue after a recipient leaves welfare until he or she reaches the income eligibility guidelines for subsidies for low income, non-public assistance families.*

CHAPTER THREE: CHILD CARE POLICY FOR WELFARE RECIPIENTS IN NEW YORK STATE

Child care has recently gained national attention as an issue of concern to nearly all Americans. Although the link between quality child care and the work productivity of parents is commonly cited, the vital importance of child care to welfare families struggling to achieve and maintain economic self-sufficiency is often ignored. With a welfare system that supports hundreds of thousands of families and newly enacted federal legislation that addresses this very issue, New York State has an opportunity to develop child care/welfare policies that will serve as national models.

There were 721,000 children receiving AFDC in New York State in 1986, over 290,500 (40.3 percent) of whom were under the age of six and 259,600 (36 percent) of whom were between the ages of six and twelve.¹¹ AFDC recipient children represent approximately 66 percent of children living in poverty in New York State.¹² In 1987 the average monthly AFDC caseload in New York State was 1,011,461, 70 percent of which was in New York City.¹³ In 1986, 27 percent of New York City children (age 0 - 17) and seven percent of children in the rest of the state were receiving public assistance (AFDC or Home Relief) or Supplemental Security Income (SSI).¹⁴ Families dependent on AFDC subsist on incomes that fall 35 percent below the poverty line, the level determined by the federal government to be necessary for minimal sustenance. This increases if Food Stamps are added, but still leaves the family with an income 11 percent below the poverty line.¹⁵

¹¹ U.S. Department of Health and Human Services Family Support Administration, Office of Family Assistance, *Characteristics and Financial Circumstances of AFDC Recipients 1986*.

¹² The New York State Council on Children and Families, *State of the Child in New York State*, 1988.

¹³ The City of New York Human Resources Administration, Office of Policy and Economic Research, *Dependency: Economic and Social Data for New York City, Volume 4*, June 1987, p. 39.

¹⁴ *Ibid.*, p. 12.

¹⁵ Center on Budget and Policy Priorities, *Holes in the Safety Nets: Poverty Programs and Policies in the States*, Spring 1988.

Among recipient children in New York State, 151,425 (21 percent) are between the ages of three and five -- those whose mothers will be subject to the new provisions of federal welfare reform legislation that require welfare mothers with children over age three to participate in education, employment, or training activities. In New York City alone, 91,414 children receiving AFDC in June 1987 were between the ages of three and five.¹⁶

The majority of recipients who are not ill or engaged in training, employment, or job search programs are at home caring for young children. The following table illustrates the extent to which the lack of substitute child care prevents female adult recipients from participating in work and training programs because they are caring for young children:

Total Female Adult AFDC Recipients: 338,230¹⁷

Employed Full-time	Employed Part-time	Incapacitated	School	On Layoff	Seeking Work	Other	Status Unknown
1.8%	2.0%	6.0%	3.1%	NA	15.2%	68.1%	3.7%

Mandatory Registrant	Voluntary Registrant	Exempt: Ill or Incapacitated	Exempt: Child or Other Care	Exempt: Other Reason	Unknown Status
30.2%	1.8%	6.0%	52.0%	6.0%	4.1%

More than 172,000 (73.4 percent) of New York's adult AFDC recipients who were exempt from participation in work or training programs in October 1985 - September 1986 were exempt because they were caring for a child under age six.¹⁸ Under the recently enacted federal welfare reform legislation, AFDC parents whose youngest children are age three and over will be required to participate in employment and training activities.

¹⁶ HRA Office of Policy and Economic Research, *Dependency*, pp. 43 and 47.

¹⁷ U.S. Department of Health and Human Services Family Support Administration, Office of Family Assistance, *Characteristics and Financial Circumstances of AFDC Recipients 1986*.

¹⁸ Ibid.

New York State Welfare-to-Work Policy

"Those who are promoting workfare programs are also driven to support the "custodial" model of child care and after-school care in its most obvious form. Those who are promoting the compensatory education of young children continue to cite the benefits of earlier intervention for poor and disadvantaged children.

*Young Children Face the States:
Issues and Options for Early
Childhood Programs.*
W. Norton Grubb, Center for Policy
Research in Education, May 1987.

Today, all AFDC heads of households are required to register for WIN when their youngest child turns six. In practice, however, participation in WIN Programs varies greatly from county to county. Some districts in New York offer WIN Demonstrations or Modified WIN and others administer a traditional WIN program. These programs differ in which agency (Department of Social Services (DSS) or Department of Labor) is the primary administrator and whether the emphasis is on job search alone or a host of employment related activities.¹⁹

As WIN funding has decreased, New York State has sought to standardize its employment and training services under one programmatic umbrella called the Comprehensive Employment Program (CEP). CEP activities may be available to WIN registrants but, for the most part, the activities are financed by state and county dollars. Counties that offer a variety of CEP activities receive an enriched state match of 75 percent. All CEP participants must undergo an assessment process and develop an Employability Development Plan.

Local districts have a tremendous amount of discretion in their use of WIN funds, and every county is required to have a CWEP (workfare) program that forces recipients to "work off" their welfare benefits. Such programs can be quite punitive, often involving

¹⁹ Traditional WIN programs are administered solely by DSS. The federal government covers 90 percent of the cost of WIN activities, including WIN-related child care. WIN funding has been cut drastically, however, from \$22 million in federal fiscal year (FFY) 1985 to \$8.9 million in FFY 1987, limiting the availability of this enriched match.

"cut-offs" of benefits to recipients who appear to be not complying with program requirements. At the time of SYA's study of the E.O. program, fully 30 percent of clients who were required to participate in CWEP were sanctioned (cut off the welfare rolls). This resulted in increased hunger and homelessness in New York City.²⁰ Across the state, 75 percent of the savings that result from the employment efforts of recipients is attributable to sanctions imposed on participants, with only 25 percent due to the movement of recipients into employment.²¹

Current child care assistance in New York State²²

With a few small exceptions, New York State has not taken the initiative in developing programs which address the needs of both parents and children in welfare families. The state has in fact developed child care and welfare reform policies independent of each other. Current child care subsidies for welfare recipients leave most children of recipients in unregulated care which does not meet basic health and safety standards, often is provided by untrained individuals, and lacks the nutritional benefits of the federal Child Care Food Program. This is true despite regulations mandating a certain level of quality control in all DSS-purchased care.²³

The need for subsidized child care

In 1986, between 830,000 and 1.2 million New York State preschool and school-age children (24-34 percent of this population) needed child care while their parents or other adults were out of the home. Yet, in 1987, there were only 172,000 licensed child care slots statewide. Because higher income families are more able to afford regulated care, the need for subsidized slots for low income families is even more pressing. Such care not only allows parents to pursue employment, training, or education programs, but also provides high quality, developmental care to children who need it most -- those in low

²⁰ New York City's welfare-to-work program, Employment Opportunities (E.O.) is detailed in SYA's publication, *Hope or Hassle?: A Study of New York City's Welfare to Work Initiative for AFDC Recipients, 1987*. Under the E.O. Program, all non-exempt AFDC recipients with children over age six are required to register for training activities. If they cannot do so, they must register for a work experience program in which they "work off" their benefits at the minimum wage rate.

²¹ Monroe County Department of Social Services, Informational Letter, June 13, 1988.

²² For a full description of child care funding and regulations, see Chapter Five.

²³ See Chapter Five for definition of payment mechanisms.

income families. Although there has been a small increase in the number of publicly funded slots available statewide, the demand for such assistance far exceeds the supply. There is an estimated capacity for 41,000 subsidized child care slots available statewide, yet there are more than 290,000 children under age six living in families with incomes below 200 percent of the poverty level who are "potentially in need of care."²⁴ This leaves more than 85 percent of poor children in need of child care without access to it. During the 1980s, several child care initiatives have been introduced and passed by the state legislature, but the administrative difficulties and underfunding that have characterized these programs have seriously weakened their impact. Unlike other child-related social programs such as protective and preventive services, the cuts in child care funding experienced in the early 1980s have not been fully made up with state dollars.

²⁴ New York State Council on Children and Families, *Early Childhood Services in New York State: A Study of Preschool and Day Care Services, Volume I*, December 1987, p. 12. The report determined the need for child care by "assessing the availability of day care within the home. The availability of in-household child care was estimated from four factors: age of the provider, age of the child, work status of the provider, and school attendance of the provider. A provider of child care must be 14 years of age or older. The absence of any persons in the household who were potentially available for day care was taken as an estimate of the need for day care." (p. 12)

CHAPTER FOUR: FINDINGS

1. MOST CHILDREN OF WELFARE RECIPIENTS WHO ARE IN CHILD CARE RECEIVE UNREGULATED CARE.

The New York State Department of Social Services (NYS DSS) estimates that less than one of every twenty (five percent) children in welfare families outside of New York City purchase licensed or certified care with the child care expense disregard.²⁵ The State Council on Children and Families estimates that 364,000 children under six years of age are potentially in need of child care services, yet there are fewer than 135,000 spaces available in licensed or certified child care settings.²⁶ As mentioned earlier, more than 85 percent of poor children in need of subsidized child care do not have access to it. The provisions of the Family Support Act of 1988 require a new population of AFDC parents -- those with children age three to five -- to participate in education, training, and employment activities. In New York State an estimated 150,000 more families will be potentially looking for child care under the new law's JOBS Program. This will further widen the gap between the need for and supply of slots and create even longer waiting periods for child care spaces.

This large gap between the need for and availability of child care slots is problematic for families of all income levels, but it has its greatest impact on low income families. In New

²⁵ This figure is based on a conversation with an official from NYS DSS, who estimated that approximately 7,200 children in 5,000 families outside of New York City are receiving the Title IV-A disregard. The five percent figure refers to the 250 non-New York City recipient children in care purchased with the disregard who are coded in a way that indicates that they are in licensed or certified care. The actual number, which DSS could not supply, may be higher. The inadequacy of the state's data system is a persistent problem in attempting to obtain an accurate picture of how many children are receiving child care subsidies under Title IV-A, Title XX, or any of the state's special funding streams.

²⁶ The New York State Council on Children and Families, *State of the Child in New York State*, 1988, pp. 83-84. The number of licensed or certified slots cited includes part-day programs which do not meet the needs of parents who work full time. Head Start programs, for example, offer more than 23,000 of the spaces included in the total number (133,544).

York City, the lack of coordination between the Human Resources Administration (HRA)²⁷ and its own arm, the Agency for Child Development (ACD), has created a situation in which the children who need quality, structured care most -- those in welfare families -- have limited access to it. Children of welfare recipients continue to occupy a small percentage of ACD-subsidized slots. The ACD list of priorities ranks welfare-related categories higher than all other eligible populations except teen parents, yet an October 1987 breakdown of ACD slots reveals that only 39 percent of all available slots are filled by welfare recipients. This figure includes AFDC WIN and non-WIN cases, Protective/Preventive, Job Training Partnership Act (JTPA), employed AFDC recipients and AFDC recipients enrolled in vocational training programs. The 61 percent of non-public assistance-related ACD slots were distributed among teen parents, low income families, illness-related placements and placements for the children of individuals who are actively involved in job search. A study conducted by ACD found that children of working parents occupied nearly half of all the ACD slots at any point in time, but only slightly over two percent of the available slots in October 1987 were filled by children of employed AFDC recipients.

Our phone interviews with 27 current and former recipients in New York City (all with children under age ten) confirmed that many at-risk children may be receiving unregulated care. Of the thirteen respondents using child care, two used licensed centers, none used licensed family day care homes, one used older siblings, and four left their children alone at some point.

The danger of inadequate staffing was made tragically clear in the case of Fanny and Asif Khan, age three and four, who were killed when a fire engulfed an unregulated child care center in Brooklyn. The fire was started by children at the center who were playing with matches. Eight children, ranging in age from eleven months to four years, were in the care of one woman. The center was in violation of City health codes and child care regulations that would have required, among other things, more adult supervision.

One of the common myths about welfare recipients is that AFDC mothers are satisfied with "babysitting" services for their children. The very low level of child care subsidies (\$160

²⁷ The Human Resources Administration is the local social services district in New York City, providing (among other things) welfare, child welfare, and child care services.

per month for employed recipients) is seen by many policymakers as adequate to purchase unregulated care from relatives or friends, which they assume is preferred by recipients. When we asked current and former recipients themselves, however, a very different picture emerged. Our conversations are particularly relevant because they reflect the opinions of mothers of young children, those most likely to be pushed into employment and training programs under the new federal welfare reform legislation.

In response to the question, "If you could design your own child care system, what would it be like?", the mothers we spoke with expressed very definite opinions about what they see as essential elements of a quality child care program. First, providers must do more than watch or play with the children. Many specifically mentioned a desire for certified teachers, professional staff on site such as doctors, nurses, child psychologists, and speech therapists, and educational materials such as books and computers. Access to sick child care was a concern, as it is with all working mothers. They expressed a need for convenient locations and hours of operation that coincide with their work or training schedule. Transportation was also an area of concern, especially with half-day preschool programs that are not coordinated with child care services.

Other women expressed a preference for care given by a relative or friend because of a sense of distrust of other care arrangements. A feeling of deep concern about the safety of their children was the underlying theme of many comments. Whether it was a child care center or a next-door neighbor, the mothers were frightened by the prospect of leaving their children with strangers.

2. THE NUMBER AND NATURE OF ENRICHED CHILD CARE PROGRAMS IN THE STATE IS INADEQUATE TO MEET THE NEEDS OF CHILDREN IN FAMILIES RECEIVING WELFARE.

Despite their proven value in reducing costs to society in the long run, enriched early childhood programs continue to be accessible to only a portion of children, and least accessible to those who can benefit most from them. In a report recently issued by the Center for Governmental Research (CGR) in Rochester, for example, the two quadrants of the city of Rochester with the greatest unmet need for preschool programs were also found

to be the two areas with the highest concentrations of "at-risk" children and families and the lowest school readiness test scores.²⁸

The CGR study is an important one because it offers a rare, intensive look at early childhood services in a major urban area. It points to the persistent gap between the need for and supply of such services, with a particular emphasis on the relationship between income and access to quality programs. Black children were generally well-represented in the programs, for example, but a closer look revealed that their enrollment was heavily concentrated in family day care homes instead of day care centers and nursery schools.²⁹

The quality of care offered by home-based programs is partially reflected in their staff qualifications. Most family day care providers identified in the study were paid below or just above the minimum wage and they typically had a high school education or less.³⁰

The mothers who spoke with SYA staff expressed a desire for care that exceeds licensing and certification standards. Jane, the mother of a 2-year-old child, has enrolled her daughter in a publicly-funded neighborhood child care program. Although it costs Jane only \$30 per month, the program only operates in the morning and drops to two days a week during the summer. Jane has an opportunity to work part-time this summer and would like to enroll her daughter in a Head Start program, but transportation presents a major barrier.

Many low income children in New York are financially eligible for early childhood education services, but only a fraction are served. Head Start programs serve approximately 15 percent of the children who are eligible for participation based on income.³¹ Other children are served in the state's pre-k program as well as in other programs such as Project Giant Step in New York City, but the demand for enriched programs still far outstrips the supply. Even those children who have access to such a program are likely to be involved for only part of the day, making it difficult for parents who work full-time. Eighty-eight percent of children in Head Start programs are served for

²⁸ The Center for Governmental Research, Inc., *Early Childhood Programs in Rochester: Current and Future Needs [Draft Copy]*, p. S-3, April 1988.

²⁹ Ibid.

³⁰ Ibid., p. S-4.

³¹ The State Council on Children and Families reports that 23 percent of the state's 1.43 million preschool children are living in poverty. (*State of the Child in New York State, 1988*) There are 703,000 poor children aged three to five, only 24,611 of whom are participating in a Head Start program.

less than four hours per day, and 95 percent are served for less than six hours per day.³² A similar portion of the state's pre-k programs are less than three hours in length. While part-day program administrators and state officials are beginning to recognize the need to coordinate with full-day settings, the majority of high quality early childhood education experiences are still inaccessible to parents who are employed full-time.

3. THE QUALITY AND AMOUNT OF CHILD CARE ASSISTANCE OFFERED BY LOCAL DSS DISTRICTS VARIES SUBSTANTIALLY AROUND NEW YORK STATE.³³

The successes and failures that we identified in welfare-to-work approaches of other states were largely linked to a common theme -- a high level of commitment and monitoring at the state level. Massachusetts' E.T. program is the only clear example of such a commitment and its positive results, while California's GAIN program is an example of a fairly well-designed program that is failing because counties are not following state policies.³⁴ While the experience of Massachusetts cannot be fully duplicated in states such as New York, which are much larger and heavily dominated by a county-administered welfare system, the notion of a welfare reform initiative that is governed by state mandates and closely monitored at the state level is a replicable one. Perhaps even more important than detailed regulations guiding county implementation of programs is the articulation of a broad vision of what is necessary to facilitate the movement of welfare families to economic independence that originates at the state level -- a vision that is clearly lacking in New York.

Under current child care policies in New York State, county governments are given a considerable amount of discretion in the administration of child care subsidies, both in the amount and nature of assistance. Most state and federal child care programs are not mandated, leaving it up to the local district to decide whether and to what extent the service will be offered. In 1986-87, for example, only 22 of the 58 local DSS districts (38 percent) offered Title XX child care subsidies for low income families and another 17 percent reported expenditures of less than \$600. Only eight of the 22 counties we spoke

³² Office of Human Development, Administration for Children, Youth, and Families, U.S. Department of Health and Human Services.

³³ See Appendix A for table of 1986-87 county-by-county child care expenditures.

³⁴ See full description of GAIN and E.T. in Chapter Two.

with supplemented Title IV-A funds with Title XX subsidies to make regulated care available to AFDC recipients. The state's special day care funding streams have been plagued by underutilization since their inception in 1983, and it is only recently that local districts have begun to access state funds.³⁵

Interviews with program administrators revealed that many of the discrepancies in the administration of child care programs can be attributed to confusion regarding the procedures and regulations for the programs. An example of these variations can be found in two counties that reported that they did not use the child care expense disregard mandated by Title IV-A of the Social Security Act -- the only federally-mandated child care program for AFDC recipients.³⁶ One of the counties not in compliance with the federal regulations has also chosen not to participate in any of the optional child care programs, leaving AFDC recipients in that county without the necessary supportive services they need to achieve self-reliance and quite probably violating federal and state laws which require that child care supports be made available to welfare recipients.

The theme of the comments of county administrators is not a new one. Other recent examinations of New York's child care system have also pointed to the need for coordination in funding and program standards. The New York State Commission on Child Care, for example, concluded that "Child care services across the state often are fragmented, lacking sufficient coordination at the state and local level, . . ." leaving families to "face severe difficulties in finding and gaining access to child care services, even when such services are available." ³⁷

In response to the confusion and underutilization caused by disjointed program standards and eligibility guidelines, the state consolidated its three special child care subsidy programs into one low income program in the 1988-89 state budget, with priority given to

³⁵ \$26 million was set aside in the 1988-89 state budget for the low income program, which funds child care subsidies for non-public assistance families with incomes below 200 percent of the federal poverty level, with priority given to teen parents and families making the transition from welfare to work. The state has taken several successful steps, including the consolidation of the three funding streams, to encourage county participation.

³⁶ Unpublished data from NYS DSS indicate that three counties are not using the Title IV-A funding stream as of May 1988.

³⁷ New York State Commission on Child Care, Second Year Report, *Hard Questions/Straight Answers: Child Care Policy for New York State*, October 1986.

families transitioning from welfare to work and teen parents (populations previously served by two separate funding streams). New York City has also taken a step in this direction by consolidating the operation of its child care and welfare-to-work programs into one unit, the Opportunities/Initiatives Administration.

Unclear and disjointed regulations was only one of the barriers to effective administration of child care assistance cited by county administrators. Some reported that after finding their way through the maze of regulations and restrictions, they are then faced with a lack of certified child care slots. Some rural counties do not have certified child care facilities within the district, while larger counties also have a lack of available slots even though certified child care exists in the district. Eight counties report one or no family day care providers.³⁸ One of the reasons given for the shortage of DSS contractual slots is that the child care needs of DSS clients vary and the inconsistency of the demand limits the number of child care facilities that will contract with DSS, especially in areas where the need for child care among families of all income levels exceeds the supply. When certified care is limited, counties can be hampered further by the low reimbursement rate available to pay providers. This means that even though subsidies may be available, clients still go unserved if certified care is not accessible. This problem was addressed in Massachusetts's E.T. model with the use of both contracted slots and vouchers. The system of contracted slots provides stability to child care centers, while vouchers offer families flexibility and choice in purchasing child care services.

Reimbursement rates for child care providers also vary significantly around the state. While the state sets a maximum reimbursement rate, local districts may opt to reimburse at a lower or higher rate (the latter requires a waiver from NYS DSS). The state maximum rate for center-based care is currently set at \$60 per week, and actual rates around the state range from a high of \$100 to a low of \$25 per week.³⁹ In May 1988, 13 counties were reimbursing at a rate below the state maximum and 14 were reimbursing at a higher rate.⁴⁰ The relatively high number of counties who have found it necessary to apply for a waiver

³⁸ Unpublished data from survey conducted by the New York State Child Care Coordinating Council in May 1988.

³⁹ There is no state maximum rate for family day care. Current reimbursement rates for family day care providers range from \$90 to \$40 per week.

⁴⁰ Unpublished data from survey conducted by the New York State Child Care Coordinating Council in May 1988.

from NYS DSS to reimburse at a higher rate indicates that \$60 per week is an artificially low figure and is not sufficient to purchase care in many areas of the state. Although most counties pay more than \$60 per week, almost all limit the number of families they serve by setting income eligibility guidelines that are more restrictive than the state maximum guidelines. Given the limited funding now available and the high cost of care, districts are forced to serve fewer families.

Transportation is also a major concern in the provision of child care, particularly in rural counties. Providers are few and far between. In these cases, transportation poses two problems: availability and affordability. Child care subsidies without transportation, at least in rural areas, undermine their intended role as supportive services to promote self-sufficiency. This situation may be improved by provisions in the new federal welfare reform legislation, which replaces the current WIN program with the Jobs Opportunities and Basic Skills (JOBS) Training Program. JOBS Program participants will be guaranteed payment or reimbursement for transportation or job-related expenses. The work-related expense disregard was increased from \$75 per month to \$90 per month in the legislation. This may help cover the cost of transporting a child to child care on the way to education, training, or employment activities.

Overall, the key to the fullest and most effective use of state and federal child care funding is the presence of one person within the district who serves as a coordinator for all DSS-administered child care programs. This person should be aware of the many funding sources, the eligibility guidelines and restrictions and how the available funds can be used to best serve the needs of families. The coordination of programs is even more essential when we consider that child care programs are administered under both the Service Division and the Income Maintenance Division of DSS. Monroe and Erie Counties are showing remarkable strides in coordinating services for families.⁴¹ Monroe County DSS, for example, is moving toward a system in which all families receiving child care assistance -- regardless of whether or not they are receiving public assistance -- will be handled through the Services Division. This will ensure that all families receive care that is licensed, certified, or, if appropriate legislation passes, registered.

⁴¹ A working paper detailing our surveys and interviews with county and state administrators and AFDC recipients in New York City, Rochester, and Buffalo is available from SYA.

4. THE STATE DOES NOT ENFORCE ITS OWN REGULATIONS WHICH MANDATE THAT WELFARE RECIPIENTS BE MADE AWARE OF THEIR RIGHTS REGARDING CHILD CARE ASSISTANCE.

Recipients are, as a matter of course, not informed of their right to child care services under federal and state law or are told in such a way that it is not clear who can offer the assistance and where it can be obtained. In our earlier study of New York City's major employment and training program for welfare recipients, *Hope or Hassle?: A Study of New York City's Welfare to Work Initiative for AFDC Recipients*, SYA found this to be a particular problem. Our experience with the E.O. program demonstrates that HRA orientation and assessment procedures are often not meaningful, and may force recipients to accept poor child care arrangements under threat of sanctions. We found that referral and informational assistance offered to E.O. participants was inadequate, forcing recipients to resort to "often inappropriate and unreliable" arrangements, "and with it . . . the lower reimbursement levels stipulated under Title IV-A."⁴² A number of training providers reported a large proportion of recipients dropping out of training programs (leaving them open to possible termination of benefits) because of difficulties with finding and maintaining child care arrangements. SYA found that the root of the problem was "the failure at the earliest stages of intake and assessment process to provide recipients with complete and adequate information" regarding child care assistance.⁴³

Since the report's publication, several improvements have been made to address its findings. Participants in training are now allowed more than \$160 monthly to cover the costs of licensed child care (unlicensed care is still limited to \$160 per month). HRA is also making a concerted effort to improve the flow of information to clients through new brochures, better links with ACD to increase clients' access to ACD facilities, and training of workers.

Welfare recipients' lack of information regarding their child care entitlements is not confined to New York City. In our group discussions with welfare recipients in Buffalo, Rochester, and New York City, many women told SYA that the welfare department offered

⁴² Statewide Youth Advocacy, Inc., *Hope or Hassle?: A Study of New York City's Welfare to Work Initiative for AFDC Recipients*, May 1987.

⁴³ Ibid.

little help in securing adequate child care. An alarming portion of the 60 current recipients who participated in our phone survey reported that DSS 1) did not ask them if they needed child care (70 percent); 2) did not tell them they could get help paying for child care (57 percent); 3) did not show them how to apply for child care (78 percent); 4) did not tell them they could get help locating child care (77 percent); and 5) did not tell them they were eligible for transitional assistance if they worked their way off welfare (83 percent). In the discussion groups held around the state, many women reported that their income maintenance workers knew very little if anything about child care, and that there was a great deal of confusion among the different divisions of DSS as to who was responsible for helping them find child care. Several reported being referred from one office to another, with the end result that they either gave up or found child care on their own.

As mentioned earlier, the weaknesses in the state's overall monitoring and enforcement capacity allows counties great discretion in the administration of child care assistance. The experiences of the Greater Avenues for Independence Program in California, in which a substantial amount of funding for child care services is being unspent by counties and recipients are commonly being encouraged to use "exempt" care to minimize costs,⁴⁴ have shown us that in a state heavily dominated by local administration of social services, strong enforcement of regulations is vital.

5. NEW YORK STATE'S NON-UNIFIED SYSTEM OF PAYMENT AND QUALITY-OF-CARE REQUIREMENTS CAUSES CHILDREN IN SUBSIDIZED CARE TO SHIFT AMONG CAREGIVERS, INCREASING INSTABILITY IN THE LIVES OF ALREADY VULNERABLE CHILDREN.

While the consolidation of the state's three low income funding streams is a step in the right direction, child care funding in New York State is still uncoordinated and disjointed.⁴⁵ As a result, both parents and administrators are confused and children are shifted from one care situation to another. A recipient in a training program may qualify for a Title IV-A special needs allowance for parents in occupational-related training, which has no upper

⁴⁴ Conversations with staff attorneys at the Child Care Law Center, San Francisco, California, June 1988. See Chapter Two for full discussion of the GAIN Program.

⁴⁵ For a full discussion of funding streams and regulations that govern their administration, see Chapter Five.

limit on reimbursement in some counties. Her child may be in a child care center which is paid directly by DSS. When she completes her program and becomes employed, her child care assistance comes from the expense disregard and no longer from the special needs allowance. With the disregard, she must pay the provider herself and then be reimbursed one or two months later. She will likely have to change providers because the disregard is limited to \$160 per month -- far too little for a licensed care provider. If her earnings increase to the point where she becomes ineligible for AFDC, she may qualify for transitional subsidies under the state's low income program if the county's allocation has not been exhausted. If DSS demonstrates that no other child care arrangements can be found, her child will stay in the same care arrangement. If not, however, she may be able to move back into a licensed or certified provider. This means that children who are already experiencing instability in their lives are shifted from one provider to another. Such discontinuity in caregivers has profound implications for the healthy development of children who are already suffering the negative effects of poverty and stress.

6. A WELFARE SYSTEM THAT MANDATES PARTICIPATION IN EDUCATION, EMPLOYMENT OR TRAINING ACTIVITIES OF PARENTS OF YOUNG CHILDREN CREATES SIGNIFICANT PROBLEMS FOR AN ALREADY OVERBURDENED CHILD CARE SYSTEM AND PLACES CHILDREN AT RISK.

The state's lack of affordable, accessible child care has been well documented, yet a sound child care system is essential to a successful welfare-to-work program. More than 50 percent of female adult AFDC recipients in New York are exempt from employment and training mandates because they must care for children or other family members.⁴⁶ Given this situation, the implications of forcing even more welfare mothers into the market for child care because of stringent work and training requirements are serious. Unless adequate time and financial supports are devoted to building a child care system that can offer quality care to more children in New York, an even greater number of children will be placed in unregulated, unreliable, and possibly dangerous care. Studies have linked work productivity of parents with the quality of children's care arrangements, yet parents on public assistance are expected to place their children in almost any setting so that they can meet the requirements of employment and training mandates.

⁴⁶ U.S. Department of Health and Human Services Family Support Administration, Office of Family Assistance, *Characteristics and Financial Circumstances of AFDC Recipients 1986*, Table 22.

SYA's phone interviews with current and former recipients reinforced the importance of child care to employment. One-half of the 30 respondents who were once on public assistance and are now working or enrolled in an education or training program said that they would have to return to welfare if their child care arrangements fell through. Seventy-one percent of 60 current and former recipients who were not employed or in education or training cited the high cost of child care as an important reason for not doing so. Forty-five (75 percent) cited difficulties in finding child care as an important reason for not participating in employment and training programs. Similar results are reported around the country. A 1987 study conducted in Albany focusing on low-income mothers found that 57 percent of those who were unemployed cited the lack of child care as their major barrier to employment.⁴⁷ 1983 Census data show that 36 percent of U.S. mothers in families with incomes less than \$15,000 said they would look for work if child care was available. Single mothers, those most typically on welfare, were twice as likely to respond in this manner than married mothers. In another study, one-third of mothers with preschool children who dropped out of high school said they would look for work if they could find affordable child care.

In New York State, there are simply not enough child care slots available to provide quality care to all children of recipients age three or over, as may be required under the JOBS program. New York City, for example, currently serves only 22 percent of preschool children eligible for subsidized care. Mandated participation in the JOBS program will force thousands of mothers to leave their children in unregulated care which does not comply with basic safety and child development standards and does not involve essential components such as nutritious meals, parental involvement, and age-appropriate curriculum.

7. SALARY LEVELS FOR CHILD CARE WORKERS ARE TOO LOW TO ATTRACT AND RETAIN QUALIFIED STAFF.

Dedicated professionals caring for New York State children tolerate low salary levels that threaten their own families with poverty. A September 1986 study published by the Center

⁴⁷ The Family Law Task Force of the Legal Aid Society of Northeastern New York, Inc., *Women, Poverty, and Day Care: A survey of 101 low-income women*, May 1987.

for Public Advocacy Research (CPAR) reported that head teachers in day care centers, Head Start programs, and nursery schools outside of New York City averaged annual salaries of \$10,358. Assistant teachers earned an average of \$8,611. Classroom aides earned slightly more than minimum wage at best. The Department of Labor and the Census Bureau reported even lower wages. This situation is even more distressing when one considers the education of the workers -- CPAR's study found that 85 percent of head teachers, 52 percent of assistant teachers, and 26 percent of aides were college-educated. In addition to low wages, child care workers must endure very poor benefit packages. Only 54 percent of non-New York City workers interviewed by CPAR received any kind of individual health insurance; 26 percent enjoyed health insurance for their families, and only 18 percent had a retirement plan or life insurance.⁴⁸

The effects of low salaries are felt by parents and children as well as by providers. Turnover rates among New York State child care workers average 40 percent. High turnover rates in child care centers affect the quality of care by breaking bonds of trust between children and caregivers, disrupting classroom routines, forcing remaining staff to take on extra responsibilities until a replacement is found, and causing additional stress for parents. Colleges are graduating fewer qualified caregivers and experienced staff members are leaving the field, adding to this already turbulent situation.

New York State has recently begun an effort to slow this trend. In the 1988-89 state budget, \$12 million was appropriated for grants to local social service districts to distribute to non-profit child care and Head Start centers for the "retention and recruitment of qualified staff." The legislation provides for funding to be allocated to large social service districts (those with populations of over 1 million) based on the number of children under age five in the district and their use of state special day care grants in 1987-88. All remaining funds will go to smaller districts based on their share of licensed not-for-profit child care centers. Only districts which participate in the state's low income child care program are eligible to receive funds. Distribution of the grants to centers will be based on staff size, number of children living in poverty served by the center, and a local

⁴⁸ Caroline Zinsser, The Center for Public Advocacy Research, *Day Care's Unfair Burden: How Low Wages Subsidize a Public Service*, September 1986.

determination of need. Counties will receive grants ranging from \$2,500 to \$150,000, five percent of which may be used to cover administrative costs.⁴⁹

The most effective method of enhancing the salaries of child care providers is increasing reimbursement rates. This will depend on the willingness of the state and counties to invest in child care services. As we will explore in Chapter Six, the newly enacted federal welfare reform legislation provides an open-ended formula for child care subsidies for JOBS Program participants, vastly increasing the amount of federal dollars available to match state and local funds. If fully utilized, it will serve to enhance public funding for child care and improve the quality of subsidized care.

⁴⁹ The legislation provides for only a one-year grant program, which may discourage the participation of local districts and does not address the long-term need for improved salaries and benefits for child care workers. It does, however, require that state DSS promulgate new maximum reimbursement rates for center-based care by July 1, 1989.

CHAPTER FIVE: THE FISCAL AND REGULATORY FRAMEWORK FOR CHILD CARE/WELFARE POLICY IN NEW YORK STATE

Although there are currently over ten different child care funding streams administered by the Department of Social Services (DSS) in New York State, with others such as migrant child care and the NYS prekindergarten program administered by other state agencies, most welfare recipients in New York State receive child care subsidies through three sources: the Title IV-A child care expense disregard, the Title IV-A special needs allowance and/or Title XX Social Services Block Grant funding. Some recipients receive child care assistance through WIN funds, but many WIN participants access other child care funding streams. After leaving welfare, families become eligible for Title XX Income Eligible subsidies and the state low income day care program, which gives priority to families making the transition from welfare to work. However, only the Title IV-A disregard and special needs allowances for AFDC recipients are entitlements; local DSS districts have a limited amount of funds (based on an annual appropriation in the state budget) to offer to families for other types of child care assistance. Non-public assistance families who are employed or in school, for example, are not guaranteed a child care slot or subsidy.

Maria is a working mother with two children, one two years old and one four years old. Her income is low enough to allow her to receive AFDC. She currently pays a relative to care for the children while she is at work because the neighborhood child care center is too expensive and cannot accommodate her early morning hours. Maria's income covers only child care and transportation expenses, making her wonder whether working has improved her family's standard of living.

Title IV-A

Child care expense disregard: The primary source of child care assistance for welfare recipients in New York State is the Title IV-A child care expense disregard. All employed

recipients of Aid to Families with Dependent Children (AFDC) and Home Relief (HR) are eligible for and entitled to a monthly child care expense disregard of **up to \$160** per child through Title IV-A of the federal Social Security Act.⁵⁰ Recipients are reimbursed at a rate of less than \$1.00 per hour for full-time care, severely limiting their choice of providers. For every dollar spent on the IV-A child care expense disregard and special needs allowances, \$.50 comes from the federal government and \$.25 comes from counties, with the state picking up the remainder. There is no limit on the amount of funds available because this is an entitlement program.

Because it is a "disregard," the \$160 is subtracted from a recipient's monthly income level used to calculate the AFDC or Home Relief grant amount (i.e., the monthly grant is higher for recipients with lower income levels, therefore the subtraction of the \$160 increases the amount of the recipients' grant). Care purchased with the disregard is arranged by the recipient and is therefore not subject to quality standards, leaving the poorest children in the lowest quality care -- care which is least apt to offer the developmental experiences they need and, if it is not licensed, cannot offer the Child Care Food Program. Title IV-A subsidies stop when a parent leaves welfare, and currently in New York State there is no guarantee of continued transitional support from Title XX or the state low income funds. Such support exists in some counties, but even where it does there is no entitlement in place. Recipients receive the disregard as retroactive reimbursement (after the cost of care has been incurred), creating significant problems for those waiting to begin work and penalizing those who have recently entered work or training.

Special Needs: Title IV-A also provides funding for "special needs" which are defined by the state. These subsidies are not limited to \$160 per month per child, although some counties impose their own restrictions, and payment methods vary around the state. Some counties add the allowance to recipients' grants, while others pay the provider directly as they do with Title XX and state low income subsidies. In some counties, direct payments are made to providers who must meet state regulations. If the allowance is given to the

⁵⁰ The \$160 cap was instituted with the passage of the 1981 Omnibus Reconciliation Act (OBRA). At that time, SYA and the New York State Child Care Coordinating Council estimated that over 4,000 children of welfare recipients who had been in certified care were removed because the cost of their care exceeded \$160 per month. State DSS cannot provide accurate estimates of the number of families using the disregard now.

parent to purchase care, there is no control over the quality of the care. New York State has chosen to use IV-A Special Needs monies for the following day care services:

Occupational Training Related Child Care -- For recipients in approved occupational or vocational training (in WIN Demo districts, recipients enrolled in Work Experience, Educational Rehabilitative, Vocational, and Employment related training are also eligible). There are no income limits set on this subsidy, although most local DSS districts impose them. Like the child care expense disregard, there are also no state-mandated quality controls.

Student Parent -- For recipients under the age of 21 pursuing a high school diploma or equivalency degree.

Expanded Child Care Demo -- For recipients in employment-related training approved by local DSS offices and those over the age of 21 seeking a high school diploma or equivalency degree. The Demo was incorporated into the Occupational Training Related Child Care program in the 1988-89 state budget.

Title XX

In 1985, Title XX (also known as the Social Services Block Grant) was the largest source of direct public support for child care administered by NYS DSS and the second largest source of all public funding for child care. Despite a federal option to eliminate matching requirements, New York State today mandates that counties provide a 12.5 percent match (which is added to the state's 12.5 percent match) for every federal Title XX dollar spent. This makes it a "cheap" source of funding for counties, compared to the IV-A subsidies which require a 25 percent local match. Federal funding under Title XX has declined substantially in the past ten years, making the FFY 1987 allocation worth 32 percent less in real (inflation-adjusted) terms than the FFY 1980 allocation.

In New York State, Title XX income eligible subsidies are available to families based on their income and size. The state establishes maximum eligibility guidelines but almost all counties set lower income levels, restricting the number of families who receive

subsidies.⁵¹ The current state maximums allow for the following families to receive subsidies: those earning below 275 percent of the poverty level for a family of two, 255 percent of the poverty level for a family of 3, and 225 percent for a family of four or more. Care purchased with these funds must meet state standards. Only eight of the local districts interviewed by SYA use Title XX monies to supplement the \$160 Title IV-A monthly Child care expense disregard so that AFDC recipients can afford licensed or certified care.

Although roughly 50 percent of New York's Title XX monies are spent on child care (as compared with 18 percent nationally), this figure is skewed. New York City spends a much greater percentage of Title XX monies on child care (70 percent in FFY 1986) than upstate counties (15 percent in FFY 1986).⁵² Spending is not consistent even in the upstate area, however. In SFY 1985-86, thirty-one percent (18) of local DSS districts expended no Title XX funds on child care, and an additional 14 percent spent less than \$500. In SFY 1986-87 (the most recent year for which statewide expenditure information is available), \$141 million in Title XX funds were reported spent on child care, with 38 percent (22) of counties reporting zero expenditures and another 17 percent reporting expenditures of less than \$600.

New York State Special Day Care Funding Streams

Low Income Day Care

In an effort to compensate for federal reductions in Title XX funding, New York State initiated a low income funding stream in 1983-84 for non-public assistance families. Like Title XX, this stream requires a 12.5 percent local match and requires that the care be licensed or certified. In 1985-86, an additional funding stream directed at families moving off welfare was begun and in 1986-87, a third subsidy for teen parents was initiated.

The 1988-89 state budget consolidated these three state funding streams for non-public assistance recipients into one, with priority given to teen parents and families making the transition from welfare to work (see below). These subsidies are available to New York

⁵¹ Unpublished data from a May 1988 survey conducted by the New York State Child Care Coordinating Council.

⁵² Conversation with New York State Department of Social Services official, May 1988.

State non-public assistance families with incomes at or below 200 percent of the federal poverty level and can only be used to purchase licensed or certified care. Administrative expenditures are limited to ten percent of each district's allocation. Districts must supply a 12.5 percent match consisting of funds provided by local tax levies, private contributions, parent fees, and/or in-kind contributions. In SFY 1988-89, \$26 million was appropriated for this program.

Although the vast majority of local districts are now offering low income subsidies, there continues to be no mandate on counties to make use of the funds. New state regulations allow counties that want to expand child care assistance to do so, but they do not mandate participation among those that have been reluctant to administer subsidies in the past. The program has created subsidized slots where there were none before, however.

Transitional Child Care Program

Child care assistance for former welfare recipients was first funded in 1985 at \$1 million when it was included in the governor's "work-not-welfare" proposal. In SFY 1987-88 the appropriation grew to \$2.5 million. In 1987, SYA estimated that if this program became an entitlement, it could cost up to \$14 million if no federal matching funds were available. Perhaps because it is an optional program, however, actual dollars spent on transitional subsidies have consistently been lower than the appropriated amount. More than the other state special day care funding streams, counties have been reluctant to take advantage of transitional child care assistance. Counties submitted claims totaling only \$29,500 of the the \$1 million 1985 appropriation, and only \$552,600 of the SFY 1986-87 appropriation of \$834,000. Utilization has increased in the past year, however, and the recently enacted consolidation of state funding and prioritization given to this population will hopefully extend subsidies to more eligible families.

The "transitional" population includes public assistance recipients whose cases are closed due to earned income and TEAP (Training and Employment Assistance Program - a grant diversion program) participants whose earnings from subsidized employment result in a budget surplus or gross income test failure. Until the recent changes were passed, subsidies lasted for nine months following case closure, regardless of income level, and TEAP participants were eligible for the duration of their contract. Subsidies were limited to

\$160 per month per child and, like the expense disregard, did not require that the care meet any standards of quality.

Under the consolidated low income program, transitional families are not guaranteed assistance but they are now treated as a priority population. The state is allowing families currently receiving transitional subsidies to remain in their current care arrangements, regardless of whether or not they are regulated. In the future, families who become eligible for transitional subsidies may also purchase care that is not licensed or certified for the first nine months, as long as the district and the family have looked for regulated care and have not been able to find an appropriate arrangement. After nine months of subsidies, all care must be licensed or certified.⁵³

The new program also allows families to receive assistance if they are using family day care providers who are "moving toward" approval or certification. This requires only that the provider apply for certification or approval. Payments may continue even if certification or approval is not achieved.⁵⁴

While continuity in a child's care arrangements is important, welfare recipients must also be given an opportunity to place their children in licensed or regulated care. This new policy does not create an incentive for counties to offer a broad choice of providers to families. Many counties will not offer regulated care as an alternative to welfare recipients unless the state clearly requires it, presses localities to develop regulated slots, and closely monitors compliance.

Related State Programs

Children of public assistance recipients can take advantage of part-day child development programs that are not necessarily targeted to welfare families. Unfortunately, access to these programs is not available through the DSS office.

⁵³ New York State Department of Social Services, "Dear Commissioner" Letter, May 19, 1988.

⁵⁴ Ibid.

New York State Prekindergarten Program

The New York State Prekindergarten Programs offer early childhood education services as well as health, psychological and social services to over 10,000 low income children in 82 school districts and 4 BOCES sites around the state. Parent involvement is strongly encouraged, taking the form of employment in the program or participation as a volunteer, home visits from staff, parent visits to school, parent meetings, and parent participation in decision-making. Unfortunately, these programs reach only a small portion of the eligible population, and less than ten percent provide full-day care.

In his proposed budget, the governor suggested an appropriation of \$27 million for SFY 1988-89. He also proposed a new statewide prekindergarten program with a \$12.5 million appropriation for SFY 1988-89. The program would have been available to all four-year-old New York State children, and funding was to be allocated to school districts according to the current state aid formula for education. The governor's universal pre-kindergarten program was rejected by the legislature, however. The existing state pre-kindergarten program received an appropriation of \$30 million in the final SFY 1988-89 budget, an increase of \$5.5 million from SFY 1987-88.

Head Start

Federally-funded Head Start programs around New York State provide educational, social, medical, and nutritional services to 24,600 children three to five years old. Head Start programs reach only 15 percent of the eligible population, and only five percent of the programs provide care for more than six hours per day. At least 90 percent of the children in Head Start programs must be living in families at or below the federal poverty guidelines, and at least ten percent must be handicapped. Head Start funds are distributed in a competitive grant process to local Head Start agencies with local grantees providing a 20 percent match (cash or in-kind) to federal funds. Federal appropriations to New York State increased from \$0.8 billion in 1981 to \$1.1 billion in 1987. Head Start was the second largest source of public support for child care in New York State in 1985.

Child care entitlements of New York State AFDC recipients

All AFDC recipients in New York State are required to register for some type of employment-related activity, unless they are deemed "exempt" based on criteria set forth in state regulation. Recipients in WIN, WIN Demonstration and Modified WIN districts participate in WIN-related activities, while those in other districts choose from an array of job search, job club, training, education, and subsidized employment activities. The choice of last resort -- one which is least likely to contribute to a recipient's chances for developing skills that will lead to economic independence -- is "work experience," or assignment to a nonprofit public or private organization to "work off" welfare benefits.

Recipients currently exempt from employment and training activities include those under age 16 or over 65, those attending high school or employed at least 30 hours per week, those incapacitated, ill, or pregnant, and those who are the primary caregivers for a disabled household member or a child under the age of six. Local social service districts are required to offer employment-related services to any exempt recipients who want to participate voluntarily.

"Employable" public assistance recipients enjoy several entitlements that are designed to ensure that their children receive adequate care while they engage in training or employment. Child care is considered to be a "necessary part" of a plan of self-support for a parent/caretaker who is employed, seeking employment, in high school, training, or community college, or enrolled in WIN.⁵⁵

Although our surveys revealed substantial gaps in knowledge on the part of recipients about their child care rights, state regulations mandate that local social services districts make available to all clients information regarding child care options available to them. An initial eligibility determination must be made for each applicant/recipient for child care services, for example, and this determination requires that a completed service plan be kept on file and recertified every six months.⁵⁶ DSS workers with clients who are

⁵⁵ Other child care entitlements include a requirement that child care be a part of a child welfare plan of services to prevent foster care placement and to provide protective and preventive services, regardless of family income.

⁵⁶ Section 415.4 of Title 18 of the *Official Compilation of Codes, Rules, and Regulations of the State of New York*, 12/31/87.

unemployable only because of a lack of adequate child care are required to work with them to develop a plan for child care and must "attempt to develop sufficient and adequate day care to facilitate the parent's/caretaker's employment or training."⁵⁷ Despite these regulations, many recipients told SYA that they did not know who to turn to for child care assistance, some even noting that their income maintenance worker did not know anything about it. Recipients with children under age six, while not required to register for employment-related activities, must be made aware of their option to participate voluntarily and must be "informed of the child-care services which will be available to him/her in the event he/she should desire to register."⁵⁸ Recipients in WIN districts are entitled to supportive services which include "child care which shall meet the standards specified in department regulations and policies," -- standards which are non-existent for Title IV-A purchased care. When more than one type of care is available, the parent/caretaker can choose the type of care to be used but cannot refuse services if they are available. Child care services can continue up to 90 days after entry into subsidized or unsubsidized employment.⁵⁹

In addition to their right to information about child care services, recipients may also be protected by state regulations that mandate compliance with quality standards by child care providers paid directly by DSS. Regulations stipulate that all applicants for day care must select the type of care from one or more options offered by a DSS official. In practice, many recipients are limited to nonregulated care because of the \$160 monthly cap on Title IV-A subsidies. Child care purchased directly by recipients allows for less than \$1.00 per hour for full-time care (e.g., with the Title IV-A disregard or, in most counties, the special needs allowance), does not have to meet any quality standards, and is not monitored by DSS.

⁵⁷ Section 385.4 of Title 18 of the *Official Compilation of Codes, Rules, and Regulations of the State of New York*, 10/31/87.

⁵⁸ Section 385.2 of Title 18 of the *Official Compilation of Codes, Rules, and Regulations of the State of New York*, 10/31/87.

⁵⁹ Section 388.5 of Title 18 of the *Official Compilation of Codes, Rules, and Regulations of the State of New York*, 1/31/83.

Perhaps the most well-known horror story of the dangers of unregulated care is that of Jessica McClure, who fell into a well in the back yard of an unlicensed family day care home. As the nation awaited news of her safety, child advocates asked why her parents were forced to place their child in a home that did not meet even the most basic safety standards.

Care purchased directly by DSS must be provided by one of the following: licensed non-profit centers; licensed proprietary centers in compliance with departmental regulations and program standards imposed by the federal government; school districts; and certified/approved family homes and group family day care homes.

When care is arranged by a recipient, no quality standards are imposed on the provider. DSS officials ignore state regulations which require that in-home care for children of recipients be provided by individuals who are paid at least minimum wage and who: a) are at least 18 years old and have the personal maturity, interest in, and ability to care for children; b) are in good physical health and emotional stability; c) have time available to provide the care; d) will not leave children alone and will care for no more than six children (including his/her own); e) are of good character, reliable and competent to handle emergencies; f) serve adequate and nutritious meals; g) provide appropriate health care; h) arrange to have a person on call for assistance in emergencies; and i) provide care for no more than 18 hours per day.⁶⁰

⁶⁰ Section 415 of Title 18 of the *Official Compilation of Codes, Rules, and Regulations of the State of New York*, 12/31/87. DSS was not able to provide an estimate of how many children of AFDC recipients are receiving in-home care, but the number is probably low.

CHAPTER SIX: THE FAMILY SUPPORT ACT OF 1988

The newly enacted welfare reform legislation repeals the WIN Program and replaces it with the Job Opportunities and Basic Skills Training Program (JOBS) for AFDC recipients.

General provisions

All AFDC parents whose youngest children are age three or over are required to participate in the JOBS Program, and states may opt to lower the minimum age of children to age one. Though parents of children aged three, four, and five are required to participate, states may not mandate that they work more than twenty hours per week. Recipients under age 20 who have not completed a high school degree or its equivalent may be required to participate in full-time educational activities regardless of the age of their children. Exemptions are available to recipients who are ill or incapacitated, needed at home because of underage children or illness/incapacity of a household member, working more than 30 hours per week, under age 16 or a full-time student, in at least the second trimester of pregnancy, or in an area of the state where the program is not available. Lack of child care, if needed, is good cause for not participating in the JOBS Program.⁶¹

States must offer a range of activities to JOBS Program participants, including educational activities (including high school or equivalent education, basic and remedial education, and education for individuals with limited English proficiency), job skills training, job readiness programs, and job development and placement services. States must also offer at least two of the following: group and individual job search, on-the-job training, work supplementation, and a Community Work Experience Program (CWEP) or any other

⁶¹ Other good cause reasons for failure to participate in the JOBS Program or refusal to accept a bona fide offer of employment which requires a parent of a child under six years of age to work more than 20 hours per week and employment which would create a net loss of family cash income.

approved work experience program. States may offer postsecondary education and other education, training, and employment activities as approved by the Secretary of the U.S. Department of Health and Human Services.

The new legislation recognizes the importance of basic education to the future employability of welfare recipients. As stated above, recipients under age 20 who have not completed high school may be required to pursue educational activities on a full-time basis, regardless of the age of their children. Because lack of child care is a "good cause" reason for not participating, this mandate will require that child care sites near or in high schools be developed. Recipients over age 20 who have not completed high school must be able to participate in educational activities unless they demonstrate a basic literacy level or have identified a long term employment goal that does not require a diploma. Attendance in college or a vocational institution is considered valid participation in the JOBS Program if the recipient is attending at least half-time, the program is consistent with his/her employment goals, and satisfactory progress is being made. The costs of such schooling is not reimbursable under the JOBS Program, but the costs of supportive services such as child care and transportation are eligible for reimbursement.

The normal rate of reimbursement for JOBS Program expenditures in each state will be the higher of that state's Medicaid reimbursement rate or 60 percent.⁶² States must target at least 55 percent of JOBS Program expenditures to four priority populations: 1) AFDC recipients who have received aid for any 36 of the preceding 60 months; 2) AFDC applicants who have received aid for 36 of the 60 months preceding application; 3) custodial parents under age 24 who have not completed high school or who have limited or no work experience in the previous year; and 4) individuals in an AFDC family where the youngest child is within two years of becoming ineligible for AFDC due to age. If the state spends less than 55 percent of JOBS Program expenditures on these populations, the federal reimbursement rate is reduced to 50 percent. Within these target populations, first priority is given to volunteers.

⁶² Each state will receive the 60 percent/Medicaid reimbursement for JOBS Program expenditures which exceed its WIN expenditures for 1987. Initial expenditures up to 1987 WIN levels are reimbursed at a 90 percent rate by the federal government.

The federal match is also reduced to 50 percent if states do not meet the following participation quotas and deadlines: In fiscal years 1990 and 1991, the average monthly participation rate in JOBS Program activities must be at least seven percent of non-exempt recipients; this increases to 11 percent in 1992 and 1993, 15 percent for 1994, and 20 percent for 1995. In reality, the participation rate for recipients over the course of a year is expected to be far higher, as activities vary in duration and often do not last a full year.

JOBS Program participants are guaranteed certain protections relating to information and orientation procedures. States must provide information to all AFDC applicants and recipients regarding education, training, and employment activities as well as supportive services and transitional benefits available to them. States must offer participants information on accessible child care, assistance in selecting appropriate child care, and help in obtaining child care services. Each participant must receive an initial assessment and contribute to the development of an employability plan.

Child care provisions

Under the newly enacted welfare reform legislation, DSS must guarantee child care for each AFDC family with a dependent child, to the extent that such care is determined to be necessary for the parent to accept or remain in employment or to participate in an approved education or training program.

Amount of Subsidies

The sponsors of the Family Support Act intended to offer relief to employed recipients who, until now, have been forced to purchase child care with the \$160 monthly disregard. National child care advocates and NYS DSS have stated that while the bill's language appears to limit reimbursement to "the lesser of - (I) the actual cost of such care; and (II) the dollar amount of the child care disregard for which the family is otherwise eligible, . . ." the intent of the legislation is to allow states to reimburse child care costs up to the market rate (as determined by the state agency administering the program). Advocates and state officials expect that the final regulations will hold with the Congressional intent to allow states to reimburse care up to market rate with the disregard as a floor. The legislation increases the amount of the disregard from \$160 per month to \$175 per month for a child

over age two and \$200 per month for a child under age two beginning in October 1989. Even with this increase, the disregard is insufficient to cover the costs of any full-day regulated care or enriched programs that are so important to the future success disadvantaged children. Until the legislation is amended or the regulations are promulgated to reflect the bill drafters' intent to allow states to reimburse child care costs up to the market rate, children of welfare recipients will continue to be forced into unregulated care arrangements.

Method of Payment

The Family Support Act allows states to eliminate the problematic retroactive method of administering the disregard by giving state agencies the option of adopting one or more of the following payment mechanisms: providing the care directly; arranging the care through providers by use of purchase of service contracts or vouchers; providing cash or vouchers in advance to the caretaker relative in the family; reimbursing the caretaker relative in the family; or adopting other appropriate arrangements. No family currently receiving child care assistance may be disadvantaged if new methods of payment are adopted.

Transitional Child Care Assistance

For the first time, AFDC recipients will be entitled to one year of child care assistance after leaving welfare which will help them to remain self-sufficient. The Family Support Act requires that states offer transitional child care assistance (if it is determined to be necessary for an individual's employment) to recipients who become ineligible for AFDC due to increased hours from, or income from, paid employment or because of the time limitations imposed on the earnings disregard. The family must have been eligible for AFDC in at least three of the preceding six months and must have a dependent child. The assistance is available for twelve months following the month after the last month in which the family received AFDC. It will be terminated if an individual terminates employment without good cause. Families must contribute to the cost of care based on a sliding fee scale developed by the state. With the exception of the family's contribution, transitional child care assistance is subject to the same matching rates, dollar limitations, standards, and methods of providing care as apply during participation in the JOBS Program.

Quality Standards

All child care purchased for JOBS Program participants must meet applicable standards of state and local law and must allow for parental access. In addition, states must establish procedures to ensure that all center-based care not subject to those standards meets basic health and safety protections. The state must also develop standards for family day care. These standards must be submitted to the Secretary of Health and Human Services who will report to Congress in October 1992 on the nature and content of these requirements in all states.

In federal fiscal years 1990 and 1991, \$13 million will be set aside for grants to states to improve child care licensing and registration requirements and procedures and to monitor child care provided to JOBS Program participants. These grants require a ten percent state match.⁶³

Federal Reimbursement Levels

The federal government will reimburse the cost of child care for JOBS Program participants at the state's Medicaid rate or 60 percent, whichever is higher. Reimbursement is available for all recipients in approved education, training, or employment activities, including postsecondary education. These reimbursements are like the Title IV-A subsidies in that they are open-ended entitlements, allowing states to serve an unlimited number of families.

Informing Recipients of Child Care Entitlements

All JOBS Program participants must be provided information on the education, employment, and training opportunities available to them as well as the supportive services for which they are eligible. The state must provide (directly or through arrangements with others) information on the types and locations of reasonably accessible child care and assist in selecting and obtaining appropriate child care. A participant's employability plan must take into account his/her child care needs. The state must provide assistance in developing and reviewing the plan with the individual and in obtaining the necessary services to carry it

⁶³ Although the \$13 million is authorized in the legislation, it will not become available until it is appropriated.

out. In assigning participants to JOBS Program activities, state agencies must assure that the conditions of participation are reasonable, taking into account the child care needs of the recipient.

CHAPTER SEVEN: RECOMMENDATIONS

Introduction

As advocates who have studied the punitive impact of mandatory employment and training programs hastily developed to meet quotas, we view the recently enacted federal welfare reform legislation as a mixed blessing. We are deeply concerned about the effects of the new JOBS Program on hundreds of thousands of AFDC recipients who will be forced to comply with an under-financed system of education, training and employment activities at the risk of being cut off from public assistance. We are particularly concerned that these provisions must now, "to the extent that State's resources permit", be extended to parents whose youngest children are age three or over, adding additional pressure to a system of child care and employment and training which is ill-equipped to handle the load.

Despite this concern, we are pleased that the Family Support Act of 1988's strong child care provisions present New York and other states with an important opportunity to improve the quality of child care for families on welfare. The new law replaces a disjointed system of funding, which relegated welfare recipients to under-financed and, by default, unregulated, child care with provisions which can help states to build a unified system of quality child care. These new provisions include enhanced financial aid, federal matching funds to reimburse providers at the market rate,⁶⁴ flexibility regarding payment method, and mandates for improved regulatory systems. With the new law's entitlement to a year of transitional child care and Medicaid, AFDC recipients leaving welfare are provided assurance that some income supports will remain once they become employed, leaving them better off than when they were on welfare. Finally, the new Act provides certain safeguards of the rights of the recipients' children; establishes lack of child care as good

⁶⁴ Our recommendations assume that it was the intent of Congress to mandate that states provide reimbursement up to market rate, with the disregard of \$175 for children over age two and \$200 for children age two and under as the lowest state maximum rate.

cause for not participating in the JOBS Program; requires that recipients and applicants be told of their rights to child care; and requires that states provide information and referral systems for child care and, upon request, actually help arrange for care.

The child care provisions provide states with an opportunity to use an improved federal matching formula and increased flexibility to design a system of child care services which ties directly into its system of Title XX subsidized child care. If thoughtfully implemented, the new federal law can help the state to build upon existing Head Start and pre-school programs, to expand the availability of part-day enriched programs which are linked to full-day care and to develop after-school child care for families receiving welfare and the working poor. Moreover, provided the state is willing to invest its own funds above and beyond the market rate formula requirements, the Act provides an important federal match for developing the enriched child care opportunities which research shows are so helpful in preparing low income children to succeed in school. In short, if used deliberately, it can help the state to develop an integrated system of quality early childhood care for the most vulnerable children.

Our recommendations are developed to take advantage of the best features of the Family Support Act. We recognize that even with the safeguard of fair hearings, a mandated work and training program, even if carefully administered, threatens families with benefit cut-offs for "non-compliance" and will put pressure on mothers of young children to place their children in any care they can find. These recommendations outline how the state can use the law's own implementation provisions (which permit states to limit the JOBS Program based on the availability of state resources) to put in place protections so that already vulnerable children are not placed in unsafe care arrangements. In moving toward these protections, our recommendations integrate lessons learned from early childhood research and conversations with other states and welfare recipients.

The recommendations outlined below are not in priority order, in part because they build on each other. They are based on six principles which must characterize the state's welfare/child care policy: first, that programs must be planned around the needs of individual children and their parents; second, that high-risk children must be protected from placement in unsafe care arrangements; third, that families need continuity of child care supports that goes beyond what is currently offered by the welfare system if they are to

achieve economic independence; that low income children must have access to developmentally sound early childhood experiences that include essential components such as parent involvement, nutrition, and health and social services; that the state should use the increased open-ended federal child care matching formula of the Act and the provisions for payment at market rate to build a system of quality child care; and, finally, that welfare recipients, like all parents, have the right to choose the care they believe is most appropriate for their children. To accomplish this end, financial mechanisms must be in place to assure families a wide range of choice in caregivers.

RECOMMENDATION I

Cautiously implement the JOBS program

The state should not expand the population subject to mandated participation in employment and training programs to parents of children age three to five.

- Ia. Given the severe shortage of regulated child care slots, the state should interpret cautiously the JOBS Program's provision that requires participation of parents of children age three to six. It is clear that there are not sufficient state resources to serve these parents under a mandated program.
- Ib. The enhanced federal match for JOBS Programs and child care should be used to extend the voluntary and successful Comprehensive Employment Opportunities Support Centers (CEOSC) Program (which provides "one stop shopping" for employment services for single parents on AFDC) to every social service district by 1992.
- Ic. Special training programs should be developed to meet the labor needs in labor shortage fields.

Our report demonstrates that there is not sufficient certified child care available today to meet the needs of three- to five-year-old children if their parents were all required to participate in the program. Steady and deliberate growth in quality JOBS and child care programs will assure that the state develops an effective program rather than one that is geared primarily to meet participation quotas. The Massachusetts experience and New

York State's experience with CEOSC demonstrates that there are sufficient numbers of voluntary participants with young children to build a successful program. CEOSC's enriched service supports, training and child care have proven successful where the program has been initiated. Because national and state data demonstrate that large scale CWEP Programs result in little employability improvements and much punitive action, we strongly urge that CWEP not be among the options mandated by New York State. The current legislation restricting the use of CWEP placements to AFDC parents of children six and over should not be changed to reflect the lowered federal age for JOBS Programs.

RECOMMENDATION II

Ensure access to regulated child care for welfare recipients

The state must take a number of steps to end the current practice of placing welfare children in unregulated care. All child care subsidized by federal, state, and local funds must be placed under a system of quality control.

- IIa. With few exceptions, all child care purchased for welfare recipients and transitional clients must be regulated. Authority for districts to pay for unregulated care, either through direct reimbursement or disregard, must be very limited.
- IIb. The state legislature should approve and the Governor should sign proposed legislation to implement a registration system for family day care providers.
- IIc. If no registration legislation is enacted, the state should require that all subsidized family day care used by welfare recipients be certified.
- IId. State DSS should expand licensing and registration staff to enable full enforcement of its own regulations.

Legislation to create a registration system, proposed by State DSS and endorsed by the New York State Child Care Coordinating Council, would require that providers participate

in an orientation session and complete a mail-in application. Within one year of application, providers would have to prove that they have participated in at least 15 hours of training and have met local code ordinances in order to receive permanent status as registered providers. Every year the state would conduct unannounced, random inspections of 20 percent of registered homes. Every two years registered providers would have to renew their registration and prove that they have participated in another 15 hours of training. An extensive public education campaign, including a toll free hotline, would accompany implementation of the registration process. Any complaint received through the hotline would be followed up with an inspection. It should be noted that the Family Support Act contains two provisions to help the state finance a system of adequate regulation. First, it provides a 60 percent match for the costs of full-time staffing for the JOBS Program and 50 percent for other administrative costs. Second, New York will receive a portion of the \$13 million authorized to improve states' licensing and registration requirements and to monitor child care provided to AFDC recipients.⁶⁵ These funds, which require a ten percent state match, will be provided to the state in proportion to the number of AFDC children in child care. Monitoring and enforcement would be improved if more staff were available to conduct inspections and provide technical assistance to child care centers and family day care homes. Current delays in licensure are severely limiting the capacity of programs to expand and are threatening the quality of care.

We suggest that the following be the only exemptions to a prohibition on the use of federal and state funds for unregulated care: 1) Family day care settings which have applied for registration or certification within the past three months, and have not been rejected; 2) care provided by a primary relative over 18 years of age, who is caring for a total of no more than four children including his or her own, of whom no more than two children are under age two; or 3) an individual over age 18 who provides care or recreation for less than two hours per day for a child age nine or over.

We recognize that clients now using unregulated care should be permitted to continue using that care if they wish, and suggest that the state adopt a nine month phase-in period after which time all child care purchased with state funds must be licensed, certified, or registered (unless it is exempt under provisions described above).

⁶⁵ These demonstration funds are authorized in the Act. Their availability will not be certain until they are appropriated.

RECOMMENDATION III

Increase reimbursement rates to market rate

The state should establish new state reimbursement rates for child care services, based upon market rates.

- IIIa. Require districts to provide child care reimbursements at market rate for all licensed, certified, or registered care.
- IIIb. Define market rate as care costing within 1.5 standard deviations from the mean cost of care in any given area.
- IIIc. Limit payments for exempt care to federal disregard maximums of \$175 per month for children over age two and \$200 for children under age two.

In the 1988-89 state budget, \$250,000 was set aside to fund a study of child care-related reimbursement rates (e.g., center-based care, family day care homes, the Experimental Pre-kindergarten program, Head Start). Using this study as a base, the state should complete a review of regional market rates as soon as federal regulations define acceptable methodology. We suggest that the market rate study not only determine the cost of full- and part-time care in family day care centers, but also determine the market costs of "enriched" child care, which provides the key elements of early childhood education described earlier in this report.

RECOMMENDATION IV

Assure funding for enriched child care experiences

The priorities established for the state's low income program (now targeted to transitional and teen parent populations) should be revised in light of the availability of federal matching funds and entitlements for these populations.

In pursuit of the Family Support Act of 1988 and Governor Cuomo's proposed program to make early childhood education available to all four-year-old New Yorkers, the state's low income funding stream should be refocused to:

- Continue and expand the current low income funding stream with priority given to non-public assistance families who are not transitioning from welfare to work; and
- Assure enriched child care and early childhood education experiences for AFDC recipients and transitional clients. The state should try to secure a federal match for high quality preschool experiences.⁶⁶ If a federal match is not available, the state's low income funds should be used to provide local districts with a 87.5 percent state match to develop and provide access to high quality early childhood programs by subsidizing care that exceeds "market rate" (the federal government will only reimburse up to market rate). These funds should be used to supplement subsidies for care that is purchased with the 60 percent federal/40 percent state and local funding as required in the Family Support Act.

The state's low income child care funding stream currently provides 87.5 percent state match for transitional care. Under the Family Support Act, a 60 percent federal match for transitional child care assistance will become available. The state's low income child care monies can therefore be redirected to subsidize early childhood education experiences for AFDC recipients and transitional families as well as to expand care for poor families not eligible for public assistance or transitional benefits. The state and local obligation to provide a 40 percent match to federal funds for child care up to market rate should not be met through the current low income funds. Dollars currently used for child care for welfare recipients and possibly new funds should be used for the 40 percent match. The low income funds should be used to ensure continued subsidies for low income families not entitled to care and to assure enriched child care for welfare recipients. Ideally, the match for enriched care would be open-ended to provide a guarantee of enriched child care for children of AFDC recipients.

⁶⁶ The Family Support Act calls for the Secretary of Health and Human Services to develop a methodology for states to use in defining "market rate." It is not clear whether early childhood education will be eligible for a federal match.

RECOMMENDATION V

Improve payment mechanisms

The state should adopt a combined voucher/contracted slot method of payment.

- Va. The use of the disregard should be limited to the purchase of exempt care.
- Vb. The number of contracted slots should be expanded.
- Vc. The state should encourage the development and implementation of a voucher system in every social service district.

The income disregard and direct cash payments to clients present numerous problems to those seeking to develop a strongly monitored, quality system of child care. Payments are currently administered by overworked income maintenance staff, who, regardless of regulation, are unlikely to check on quality or legality of care. Because there are administrative difficulties involved in providing child care subsidies to recipients before care is purchased, reimbursement is retroactive. Welfare recipients are often heavily in debt and cannot afford to pay a provider in advance. The disregard provides a very uneven source of revenue for child care providers and it is difficult to start payments between the regular AFDC payment periods. Retroactive reimbursement will no longer be possible under provisions of the new Family Support Act.

Funds which are now used for unmonitored care could be directed toward the building of a quality system of care. Both contracting and voucher systems can be targeted at regulated care providers. With the exception of New York City, which is currently administering a voucher system on a limited basis, local districts use the contract system exclusively. Vouchers, which allow recipients an even broader choice of providers, are an important mechanism for rapid expansion of care, as they allow families to purchase care from licensed providers who may not have other publicly-subsidized children.

Contracts with providers, while important to stabilizing center financing, present serious problems if they are the sole mechanism for purchase of subsidized child care for the following reasons: 1) They seriously limit the family's choice of providers; 2) Limitations on the number of available slots result in long waiting periods which can cause serious delays and/or preclude entry into work or training; and 3) Contracted slots may not be in close geographic proximity to a family's home or work/training site. A voucher system, which could be administered by the child care resource and referral system, is client-centered and allows for more rapid growth in child care sites and is more responsive to family needs.

We strongly recommend that the implementation of the voucher system be accomplished by private, non-profit child care resource and referral agencies. Like Voucher Management Agencies in Massachusetts, these workers should be located in or very near welfare offices and should present clients with a full range of child care choices and help arrange for the most appropriate care.

RECOMMENDATION VI

Inform recipients of their child care entitlements and options

The state should strictly enforce state and federal regulations that require recipients be informed of their right to child care assistance. State DSS should assure that all workers be oriented to the various types of subsidies available to clients.

VIa. To reduce the tendency of districts to steer recipients to the least costly form of child care, the state should require districts to make recipients aware of their rights. Recipients opting to use unregulated care falling under the exemptions listed above should sign a release noting that they are aware of their right to regulated care and to assistance in finding such care, and that they reject that option. Districts must not have the right to force parents to use a child care arrangement, even if it is licensed or certified. Refusal to use licensed or certified care should not be a basis for sanction. Districts which fail to comply with

these procedures should be denied state matching funds for child care for exempt recipients.

VIb. Pre-employment and in-service training regarding child care subsidies should be offered by every local DSS office.

VIc. Every income maintenance worker should have an easily understandable card that outlines the basic eligibility requirements and the rights of welfare recipients to child care subsidies to be used as a reference and to give to clients. The card should be available in Spanish and other languages as appropriate.

RECOMMENDATION VII

Adopt Child Care Bill of Rights

A Child Care Bill of Rights should be developed and provided to all applicants in writing, verbally, and through a video tape for use in waiting rooms. The material should be available in several different languages and should show parents how to judge quality care; their options in selecting care; how to secure assistance in locating care; payment mechanisms; their right to transitional care; the obligation of the department to provide child care assistance; and the good cause provisions for exemption from mandated participation in education, training, and employment programs.

Specifically, this information must include:

- A. The guarantee of child care to any parent who needs child care to participate in training, education or employment. A parent's "need" for child care should be defined by the presence of children under age thirteen left alone more than one hour per day, any children under age ten left alone at any time; and handicapped or special needs children of any age.
- B. The right of the recipient to registered, certified, or licensed care. DSS should not have the right to sanction a parent who refuses to use care that he

or she feels is inappropriate for the children, even if it is a regulated care arrangement.

- C. The right to assistance in securing and arranging for child care.
- D. The right of the provider to reimbursement for the full cost of regulated care at market rates or \$175 per month a child two and over and \$200 per month for a child under two in exempt care.
- E. The right of parents of children in subsidized care to visit the child care setting at any time.
- F. The right to transitional child care for one year following loss of eligibility for AFDC.
- G. The right of parents using the disregard to be reimbursed in advance of purchasing care.

RECOMMENDATION VIII

Provide information and referral services for welfare recipients

Each social service district should have in place sufficient child care information and referral staff to provide direct assistance to clients without a long wait. This service must be available in the district office or an easily accessible location.

The primary function of this staff shall be information, referral and arrangement for child care for AFDC recipients and transitional clients. It may be provided directly or, preferably, through a contracted child care information and referral organization.

VIIIa. Each district shall employ (either directly or on a contract basis) staff to work with AFDC families in developing a plan for meeting their child care needs. This staff may also help families construct child development plans to assure that all health, education, and service needs of the child are met.

The child care plan, developed with the parent, shall include:

- Plans for before- and after-school care if needed.
- Plans for participation in licensed, certified or registered child care; including, if available, participation in intensive early childhood programs.
- In the case of mixed home-based and early childhood programs, plans for transportation of child from one program to another.
- Plans for payment of each program.

The child care planners shall personally assist the client in locating child care by directly ascertaining availability and/or placement on waiting lists for child care services and shall also prepare parents with a checklist of questions to ask in choosing quality child care. Districts should be encouraged to extend the responsibilities of the child care planner to respond to other basic child development needs and to assist parents in developing a full child development plan. This plan would ensure that the family makes regular visits to a primary medical care provider; that all federal nutrition programs available to the family are being used; and that parents are informed and encouraged to participate in parent education and other appropriate services.

VIIIb. All districts, as part of their CEP/JOBS Program, shall also employ child care development and planning specialists.

These specialists will perform the following functions:

- Collect supply and demand information to identify levels of available regulated child care in geographic areas. Information shall include availability of full- and part-day regulated center and home-based care; and after school programs, Head Start programs, early childhood education, pre-kindergarten programs and programs for handicapped children.
- Recruit and support child care providers. This will require, among other things, media campaigns and contract negotiations with providers and school districts. These staff will work closely with registration and certification staff to build a full range of options for quality care in every area of the social service district.

- Issue an annual report on the availability of child care for welfare recipients and transitional families, to be used in planning JOBS Program implementation.

RECOMMENDATION IX

Improve data analysis and enforcement capability

The state must begin to closely monitor county compliance with state and federal regulations by developing an improved record-keeping and data analysis capacity.

An improved data system should be developed to enable the state and localities to document information regarding the amount and nature of child care purchased with state funds, what payment mechanisms are used, what type of client (welfare, transitional, or low income) is receiving the subsidies, and what happens as a family moves from one eligibility category to another.

The state should require that all local DSS districts report their use of Title IV-A and transitional funds on an annual basis. Intensive monitoring of counties with usage patterns below the state average should take place to assure that clients in those districts are being informed of the child care disregard and other child care subsidies.

RECOMMENDATION X

Guarantee benefits for families leaving welfare

- Xa. Pursuant to the Family Support Act of 1988, the state must develop entitlement programs to transitional child care, effective April 1, 1990. Eligibility for the program shall extend, as required, to all persons who need child care to engage in employment, including families who have lost AFDC due to increased hours or because of the time limit of the earnings disregard, and who have received AFDC in at least three of the last six months.

We recommend that the state apply the same criteria for establishing a "need" for child care as is applied to the AFDC population in general (See Recommendation VII, Section A) and that it use the same reimbursement schedules as are made available to the AFDC population and the state low income child care program. Further, in accordance with the Family Support Act, we recommend that parent fees consistent with the state's subsidized day care fee structure be imposed.

- Xb. The state should develop demonstration projects to test the impact of continuing transitional benefits beyond one year, at least one of which will cover families until their income exceeds 185 percent of the poverty line and another until their incomes reach the income eligibility guidelines of the low income subsidy program in the social service district in which they reside.

Ideally, a transitional program should be based on a family's income rather than a time limitation. It should guarantee a certain level of benefits to a family leaving welfare until the family's income is sufficient to cover the full cost of child care and medical care in addition to other bills -- without being pushed back into poverty.

Under the current child care subsidy system and the one mandated by the Family Support Act, families receiving transitional assistance could easily fall back into poverty and possibly welfare dependence once the time-limited assistance runs out. Most families who lose transitional benefits qualify for the state's low income program, which requires that parents pay a portion of child care costs based on the difference between their income and the federal poverty level. Counties choose a percentage of that difference (between 10 - 35 percent) to charge as a parent fee. A family with an annual income that is \$1,500 more than the poverty level in a county that chose to apply a 20 percent rate, for example, would pay \$300 per year for child care, regardless of the number of children receiving care.⁶⁷ An appropriate transitional program should guarantee that a family's income would be

⁶⁷ Some counties have not yet adopted this new formula for calculating parent fees, but all will eventually.

sufficient to prevent the family from dropping back to a poverty level income once the subsidies stopped. ⁶⁸

- Xc. The state should monitor the implementation of the transitional program and the demonstrations suggested above to determine: The extent to which recipients use the program; the reasons for regional variations in use of these funds; the effect of the one year limitation on clients and specifically the proportion of clients who are able to move into the low income child care program at the completion of the year; the proportion who have no further subsidy and the effect of the loss of subsidy on AFDC recidivism; and the effect of the loss of subsidy on the type of care that the child subsequently receives.
- Xd. The state should also develop a uniform format to be used by counties in sending out notifications of eligibility for transitional assistance to recipients whose cases are closed. The format must be a very informal, attractive one that simply and clearly explains the program and how to apply for subsidies. In particular, transitional subsidies should be explained to recipients while they are on public assistance as well as when their case is closed. All information should also be reinforced verbally by caseworkers and with a videotape to play in DSS waiting areas. Such information should also include notification of eligibility for medical subsidies.

⁶⁸ In a county that applies the maximum 35 percent sliding fee rate, for example, a family of three with an income of 185 percent of the poverty level (\$16,777.65) would pay \$2,698.03 per year for child care, dropping them to 155 percent of the federal poverty level. Once they became ineligible for transitional assistance and if they could not be maintained in a subsidized child care slot they would have to assume the full cost of child care, they would then pay \$6,032 for child care (if both children are between the ages of three and five) and would then be at 118 percent of the poverty level because of this one expense.

In addition to child care, families must assume the burden of their children's health care costs once their Medicaid eligibility expires. A conservative estimate, based on the assumption that parents receive health benefits through employment, demonstrates the effect of limited transitional medical care coverage. A family earning 185 percent of the poverty level who must purchase child care and health insurance for two children under age three, for example, will see their income drop back to the poverty level after covering these two expenses. After a year of transitional child care and health care, the family will be pushed back into poverty.

- Xe. Required visits to the welfare office should be minimized to encourage use of transitional benefit's. Mail-in applications, now used in some localities, should be used statewide.

RECOMMENDATION XI

Increase use of U.S.D.A. Child Care Food Program

Each county should arrange for centralized local administration of the U.S. Department of Agriculture's (U.S.D.A.) Child Care Food Program to assure that all licensed, certified and registered day care providers have the help they need to use the program.

It is estimated that malnutrition affects almost 500,000 American children and that 20 million Americans go hungry at least some part of a given month.⁶⁹ Federal nutrition assistance programs provide an essential lifeline for many low income families in New York State. These programs fail to reach all or even most of the needy, however, preventing them from solving the hunger problem. The Child Care Food Program is an underutilized source of federal dollars which provides nutritious meals to children who are not eligible for WIC but are too young to benefit from the school lunch and breakfast programs.

The Child Care Food Program is targeted to low income or poor economic areas with a high percentage of working mothers. It is designed to provide assistance to day care centers or family day care homes for the feeding of low income children.

Eligible programs include day care centers, parks and recreation centers, Head Start Programs, family day care homes, and after-school programs. However, only tax exempt, licensed, and public or private not-for-profit organizations are eligible. Home-based child care which is not licensed or affiliated with a not-for-profit organization cannot receive assistance even when only low-income children are present.

⁶⁹ The Children's Defense Fund, *A Children's Defense Fund Budget*, 1988, p. 124.

All children attending a child care meal site are entitled to a meal, either for free or at reduced or full price. However, only meals served to eligible children through the age of 12 are reimbursed by the federal government.

U.S.D.A. will cover the administrative costs of this program, which can be undertaken by government or by child care coordinating agencies. It is particularly important that an effort be made to encourage family day care homes to access this program. Unless local administration is undertaken, registered child care homes will not be able to take advantage of the program.

Once all regulated care is accessing the Child Care Food Program, the state should move toward requiring all homes serving welfare clients to use the program.

APPENDIX A
Selected Child Care Expenditures by Local DSS District¹
State fiscal year 1986-87²

COUNTIES	Title XX Income Eligible	Title IV-A Occupational	NYS Low Income ³	NYS Teen Parent ⁴	NYS Transi- tional ⁵	TOTAL
ALBANY	117,241	6,479	15,290 (97.88%)	202 (5.21%)	0 (0%)	139,212
ALLEGANY	0	256	0 (0%)	0 (0%)	0 (0%)	256
BROOME	9,753	17,292	0 (0%)	0 (0%)	1,026 (46.32%)	28,071
CATTARAUGUS	309	6,894	0 (0%)	0 (0%)	0 (0%)	7,203
CAYUGA	4,940	66	0 (0%)	0 (0%)	0 (0%)	5,006

¹ Does not include funding for the following child care subsidies available in New York State: Title IV-A Child Care Expense Disregard; Title IV-A Student Parent Special Needs allowance; Emergency Child Care; Expanded Child Care Demo; CEOSC; Protective/Preventive and Foster Care child care services. (All programs not included are relatively minor except for the Title IV-A child care expense disregard, which is the major source of subsidies for welfare recipients and for which state DSS cannot provide accurate expenditure estimates)

² NOTE: 1986-87 expenditure data is the most accurate now available from state DSS. Counties have increased participation in the state funding streams since 1987. NYS DSS officials report that all but one local district is now participating in the low income funding stream, which now incorporates the transitional and teen parent subsidies. The above expenditure data, which reflect only local commitments to child care subsidies, was derived by applying local match requirements to data on state expenditures per county. Title XX expenditures may be underestimated because the county-by-county expenditure data kept by state DSS reflect both services reimbursed with federal Title XX dollars (which require a 12.5% local match in New York State) and Title XX-eligible services reimbursed out of state overclaim dollars, which require a 50% local match. State spending on the Title IV-A Occupational Training-related child care subsidies requires a 50% local match.

³ Indicates local expenditures provided as a 12.5% match to state funds. The numbers in parentheses indicate the percentage of the state allocation made available to the local district by state DSS that was matched with local dollars in 1986-87.

⁴ Ibid.

⁵ Ibid.

COUNTIES	TITLE XX INC. ELIG.	OCCUPA- TIONAL	LOW INCOME	TEEN PARENT	TRANSI TIONAL	TOTAL
CHAUTAUQUA	0	0	5,403 (64.85%)	0 (0%)	264 (6.83%)	5,667
CHEMUNG	15,211	14	10,673 (110.28%)	0 (0%)	208 (11.14%)	26,106
CHENANGO	5,166	4,416	0 (0%)	0 (0%)	0 (0%)	9,582
CLINTON	533	0	0 (0%)	0 (0%)	1,164 (55.93%)	1,697
COLUMBIA	0	2,655	1,914 (24.63%)	0 (0%)	57 (8.2%)	4,626
CORTLAND	0	0	0 (0%)	0 (0%)	468 (27.52%)	468
DELAWARE	366	5,812	174 (1.96%)	0 (0%)	519 (95.51%)	6,871
DUTCHESS	0	2,683	2,149 (9.49%)	237 (8.89%)	0 (0%)	5,069
ERIE	99,379	5,452	0 (0%)	0 (0%)	10,078 (60.94%)	114,909
ESSEX	0	0	1,064 (15.26%)	0 (0%)	0 (0%)	1,064
FRANKLIN	0	0	2,249 (22.24%)	0 (0%)	0 (0%)	2,249
FULTON	135	13	14 (.12%)	0 (0%)	55 (4.15%)	217
GENESEE	0	748	2,078 (20.91%)	65 (7.36%)	87 (10.57%)	2,978
GREENE	2,928	10,497	0 (0%)	0 (0%)	0 (0%)	13,425
HAMILTON	0	229	0 (0%)	0 (0%)	0 (0%)	229
HERKIMER	511	0	2,003 (17.08%)	0 (0%)	0 (0%)	2,514

COUNTIES	TITLE XX INC. ELIG.	OCCUPA- TIONAL	LOW INCOME	TEEN PARENT	TRANSI- TIONAL	TOTAL
JEFFERSON	0	565	0 (0%)	0 (0%)	0 (0%)	565
LEWIS	0	0	0 (0%)	0 (0%)	73 (16.82%)	73
LIVINGSTON	0	11,698	998 (14.08%)	0 (0%)	0 (0%)	12,696
MADISON	59	0	1,423 (10.65%)	0 (0%)	0 (0%)	1,482
MONROE	187,419	333,833	31,279 (100%)	1,701 (12.14%)	2,088 (20.91%)	556,320
MONTGOMERY	0	18	0 (0%)	0 (0%)	0 (0%)	18
NASSAU	177,261	0	20,897 (91.24%)	121 (1.84%)	2,260 (50.28%)	200,539
NIAGARA	2,340	3,009	2,652 (9.07%)	0 (0%)	1,745 (35.74%)	9,746
ONEIDA	29,011	3,280	612 (4.45%)	0 (0%)	3,740 (74.32%)	36,643
ONONDAGA	69,089	49,515	7,264 (36.13%)	167 (1.91%)	0 (0%)	126,035
ONTARIO	0	8,528	1,128 (12.25%)	0 (0%)	404 (55.48%)	10,060
ORANGE	49	0	0 (0%)	0 (0%)	669 (25.55%)	718
ORLEANS	5,330	22,494	2,172 (87.51%)	0 (0%)	636 (68.22%)	30,632
OSWEGO	2,282	0	1,810 (9.45%)	68 (3.19%)	474 (31.59%)	4,634
OTSEGO	4,880	0	3,664 (90.57%)	0 (0%)	33 (5.89%)	8,577
PUTNAM	554	1,209	0 (0%)	0 (0%)	25 (9.09%)	1,788

COUNTIES	TITLE XX INC. ELIG.	OCCUPA- TIONAL	LOW INCOME	TEEN PARENT	TRANSI- TIONAL	TOTAL
RENSSELAER	11,568	0	86 (.42%)	0 (0%)	0 (0%)	11,654
ROCKLAND	12,347	7,416	5,169 (16.62%)	78 (4.52%)	4,228 (242%)	29,238
ST. LAWRENCE	1,341	23,322	4,413 (20.94%)	10 (.47%)	0 (0%)	29,086
SARATOGA	0	93	6 (.03%)	0 (0%)	0 (0%)	99
SCHENECTADY	54,123	29,921	9,675 (100.87%)	0 (0%)	774 (65.63%)	94,493
SCHOHARIE	0	10,516	0 (0%)	0 (0%)	0 (0%)	10,516
SCHUYLER	0	1,624	0 (0%)	0 (0%)	0 (0%)	1,624
SENECA	28	110	0 (0%)	0 (0%)	0 (0%)	138
STEUBEN	0	0	8,595 (45.02%)	0 (0%)	0 (0%)	8,595
SUFFOLK	205,084	11,262	0 (0%)	0 (0%)	14,152 (154.42%)	230,498
SULLIVAN	0	0	1,686 (15.53%)	0 (0%)	711 (87.15%)	2,397
TIOGA	8,245	0	0 (0%)	0 (0%)	83 (16.27%)	8,328
TOMPKINS	6,512	0	1,177 (14.25%)	0 (0%)	0 (0%)	7,689
ULSTER	3,488	9,847	3,739 (23.17%)	0 (0%)	0 (0%)	17,074
WARREN	4,016	3,390	0 (0%)	23 (2.65%)	0 (0%)	7,429
WASHINGTON	471	156	0 (0%)	0 (0%)	0 (0%)	627

COUNTIES	TITLE XX INC. ELIG.	OCCUPA- TIONAL	LOW INCOME	TEEN PARENT	TRANSI- TIONAL	TOTAL
WAYNE	0	3,052	0 (0%)	0 (0%)	0 (0%)	3,052
WESTCHESTER	296,069	245,592	16,329 (59.07%)	0 (0%)	2,650 (34.54%)	560,640
WYOMING	0	60	762 (13.04%)	0 (0%)	0 (0%)	822
YATES	0	0	0 (0%)	0 (0%)	0 (0%)	0
NEW YORK CITY	16,289,171	8,712,129	498,233 (71.26%)	21,211 (15%)	30,271 (31.77%)	25,551,015

APPENDIX B: METHODOLOGY

This study provides an analysis and critique of New York's existing programmatic and financial framework for delivering child care services to welfare recipients. It draws on a comprehensive review of relevant welfare and child care literature and on other states' experiences. Our analysis is based on interviews with users and potential users of subsidized child care services in three sites around New York State and on conversations with Department of Social Service administrators at the state and county level.

In undertaking this study, we have:

1. Reviewed existing literature and research that illustrates the importance of access to quality child care and preschool education to a family's self-sufficiency efforts;
2. Reviewed other states' experiences with child care programming initiatives for welfare and working-poor populations, focusing on California, Massachusetts, New Jersey, Utah, Michigan and Minnesota. Using data that state officials, advocacy groups and national literature supplied, we examined the child care supports in place for welfare recipients, and child care as it is related to specific welfare reform initiatives;
3. Undertaken a detailed review of New York's state and local policies and programs that serve low-income child care needs. In doing this, we completed a comprehensive review of state child care funding and state laws and regulations regarding child care and employment/training programs for welfare recipients. We also conducted interviews with state officials and secured detailed data from the New York State Department of Social Services (NYS DSS) and research published by the state and advocacy groups;
4. Conducted phone interviews to assess the effectiveness of the local administration of child care programs for welfare recipients and low-income families in several counties. Counties were chosen according to their financial commitment to child care as determined by state DSS expenditure levels for the various day care funding

streams. The counties with the highest expenditure levels (as a percentage of their state-determined allocation) were selected, as were those whose expenditure levels reflected a poor to fair commitment to day care.

Our questions to county officials highlighted the varying degree of conformity to state regulations and their understanding of how to use the existing funding streams that are available in the best interests of their clients. We compared the information that county officials gave us with a breakdown of claims that NYS DSS supplied regarding each county's use of child care funding;

5. Interviewed 91 current and former welfare recipients in Monroe and Erie Counties and in New York City over the phone during May, 1988. The phone numbers were taken from random phone lists purchased from Survey Research, Inc., in which low-income telephone exchanges received special weighting.* All respondents had children under the age of ten and were currently receiving or had received in the past four years one of the following: Food Stamps, Medicaid, AFDC or Home Relief.

Two survey instruments were used: one for current recipients and one for those who had received assistance in the last four years. Sixty-seven percent of the parents interviewed were currently receiving public assistance, and 33 percent were not, but had previously.

While the phone survey's results are fascinating and informative, they should not be construed to represent current and former welfare recipients in general. Because of the difficulty and expense involved in conducting these interviews, the sample size is small. We also have a limited number of Hispanic responses (5 percent of the total number interviews) because only one of our interviewers was bilingual. This was a particular problem in New York City. Nevertheless, the surveys provide some insight into welfare recipients' child care needs and experiences;

* SYA staff and volunteers and SMG Research, Inc., conducted the actual surveys.

6. Held four discussion groups with welfare recipients around the state, two in New York City and one each in Rochester and Buffalo. We talked with a group of women participating in a vocational training program in the Bronx, residents of a transitional shelter affiliated with Women in Need in New York City (Monica House), an English as a Second Language (ESL) class at the Ibero-American Action League in Rochester, and clients of the Child and Family Services of Erie County in Buffalo. The women were all current recipients of public assistance and had young children. Discussions centered on their personal experiences in securing child care as they struggled to survive on and work their way off welfare, their preferences in child care arrangements, and their perceptions of DSS, particularly the quality of child care assistance that their workers offered. Finally, participants were asked to describe their vision of an ideal child care system; and
7. Analyzed the provisions of The Family Support Act of 1988 (both the actual bill and the conference report) and conferred with national and state experts to interpret it's applicability to New York.